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ABSTRACT

An essential prerequisite to reform of present methods of financing elementary and secondary schools and the development of an equitable, adequate, and workable system of school finance is a precise understanding of how the existing system works and its impact on different school districts and population groups. This report documents the existing revenue and expenditure patterns in Illinois and examines the fiscal impact of the current system, the nature and extent of disparities among districts, and the factors that contribute to the disparities. An attempt is made to distinguish the degree to which disparities among districts can be attributed to differences in educational resources and services and differences in prices or wages for equivalent services. Wide disparities in per pupil spending in the unit school districts of Illinois are described according to 1970-71 data. The differences are traced back to the State's revenue system and to the dominant role that the local property tax plays in school finance. This role, in turn, necessitates directing attention to the differences in per pupil property value from district to district, which differences are documented by the authors. State support modifies somewhat but fails to eliminate completely the revenue differentials. The authors show how the tax burdens of school support differ for persons of various income levels, with the poor paying relatively higher percentages of their income. Numerous illustrative tables and figures are provided. (Author/DN)

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THE FINANCING OF SCHOOLS IN ILLINOIS

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FOREWORD

Although support of public elementary and secondary education is intergovernmental in nature, it is primarily the state which legally and fiscally determines the nature and extent of the program to be offered when it establishes the system for financing schools. Thus it is the state which is confronted with the necessity of determining the extent to which the methods devised for revenue collection and allocation meet certain standards, both in terms of adequacy in levels of educational services and in equity among clients.

In this undertaking the questions which must be faced in relation to the system to be implemented are legion. The answers are neither simple nor easily determined for school finance is a complex issue and long-range resolution of problems hinges on many factors. The need for hard and realistic thinking about the financing of public schools is clear.

An essential prerequisite to reform of present methods of financing elementary and secondary schools and the development of an equitable, adequate, and workable system of school finance is a precise understanding of how the existing system works and its impact on different school districts and population groups. Thus this report, which is made to the citizens of Illinois, documents the existing revenue and expenditure patterns in the state. It examines the fiscal impact of the current system, the nature and extent of disparities among districts, and the factors which contribute to the disparities. The analysis goes beyond simple dollar disparities. An

attempt is made to distinguish the degree to which disparities among districts can be attributed to differences in educational resources and services and differences in prices or wages for equivalent services. An analysis of selected alternative approaches to financing Illinois' schools is also presented.

This study was conducted by The Urban Institute's Education Finance State Service. This service was initiated in recognition of the need for detailed and objective information as to the impact, on a school district basis, of existing and alternative methods of financing education.

Analysts at The Urban Institute work with legislative and administrative units in selected states to evaluate existing finance structures and to develop alternative plans for financing education. Although the Institute's analytical work is funded by the Carnegie Corporation of New York, the states with which the Institute works are responsible for data collection and initial preparation.

This study of Illinois school finance was conducted at the request of the Chairman of the Finance Task Force, Governor's Commission on Schools. Mr. Maxey Bacchus, Budget Examiner, Illinois State Bureau of the Budget, served as state liaison and coordinator for the project. The Office of the Superintendent of Public Instruction supplied the Institute with 10 computer tapes containing expenditure, revenue, student and personnel data for the school year 1970-71, with the exception of assessed property values and tax rate data, which were for fiscal 1970. The staff of the Institute's Education Finance State Service, however, is solely responsible for the analyses and interpretations contained in this report.

It is hoped that this report will contribute to a deeper understanding of some of the elements involved in the financing of elementary and secondary education in the State of Illinois and will enable its policy makers and the general public to make more informed choices about ways in which to finance schools.

TABLE OF CONTENTS

FOREWORD v

I. INTRODUCTION 1

The Illinois Foundation Program 2

Looking For Alternatives 4

Summary of Findings 6

Revenues 6

Expenditures 8

Alternatives 9

II. CLASSIFICATION OF SCHOOL DISTRICTS 11

III. REVENUES 17

Revenues by Source of Funding 17

Local Revenues 17

State Revenues 23

Federal Revenues 25

Impact of Revenues From all Sources 26

Who Pays for Education: Analysis of State and Local Tax Burden 26

Summary of Revenue Analysis 31

IV. EXPENDITURES 33

Expenditure Analysis by Function 35

Instructional Expenditures 35

Non-Instructional Expenditures 42

Fixed Charges 45

Factors Explaining Interdistrict Differences in Per Pupil Expenditures 48

Teacher Experience and Education Levels 49

Pupil-Teacher Ratios 56

Classroom Teacher Salaries 56

Impact of Salaries on Cost Differentials 63

High Cost Students 68

Summary of Expenditure Analysis 70

V. AN ANALYSIS OF SELECTED HYPOTHETICAL ALTERNATIVES 73

Full State Funding 73

Task Force Alternative 79

Summary of Alternatives Analysis 87

APPENDICES

Appendix A. Elementary School District Tables 89

Appendix B. Secondary School District Tables 107

Appendix C. Methodology for Tax Burden Analysis 125

Appendix D. Methodology for Equalizing Quantitative Differences that Affect Per Pupil Expenditure Differences. 133

Appendix E. Illinois Districts Included in Analysis 137

LIST OF TABLES

Table No.		Page No.
1	Analysis Groupings	13
2	Per Pupil Property Values and Property Tax Rates for Education	24
3	Total Revenues by Source of Funding in Dollars Per Pupil.	27
4	Per Pupil Expenditure Differentials by Function	36
5	Expenditures by Function: Percent of Total COE	37
6	Expenditures for Instructional Items in Dollars Per Pupil	39
7	Expenditures for Instructional Items: Percent of Total Instruction	40
8	Expenditures for Non-Instructional Items in Dollars Per Pupil.	43
9	Expenditures for Non-Instructional Items: Percent of Total Non-Instruction	44
10	Expenditures for Fixed Charges in Dollars Per Pupil	46
11	Expenditures for Fixed Charges: Percent of Total Fixed Charges	47
12	Average Years Experience	50
13	Average Education Level of Teachers	53
14	Pupil-Teacher Ratios	57
15	Teacher Salary Schedules - 1970-71	60
16	Teacher Salary Schedules - 1971-72	62
17	Comparison of Actual and Equalized Per Pupil Current Operating Expenditures: Chicago and Fast Growth Suburbs	65

Table No.		Page No.
18	Comparison of Actual and Equalized Per Pupil Current Operating Expenditures: Chicago and Rural Areas	67
19	Title I Students as Percent of ADA	69
20	Minority Students as Percent of ADA	71
21	Impact of Task Force Alternative: Equal Dollar Per Pupil Guarantee	81
A-1	Analysis Groupings: Elementary School Districts	90
A-2	Per Pupil Property Values and Property Tax Rates for Education	91
A-3	Total Revenues by Source of Funding in Dollars Per Pupil.	92
A-4	Per Pupil Expenditure Differentials by Function	93
A-5	Expenditures by Function: Percent of Total COE.	94
A-6	Expenditures for Instructional Items in Dollars Per Pupil.	95
A-7	Expenditures for Instructional Items: Percent of Total Instruction	96
A-8	Expenditures for Non-Instructional Items in Dollars Per Pupil.	97
A-9	Expenditures for Non-Instructional Items: Percent of Total Non-Instruction	98
A-10	Expenditures for Fixed Charges in Dollars Per Pupil.	99
A-11	Expenditures for Fixed Charges: Percent of Total Fixed Charges	100
A-12	Average Years Experience	101
A-13	Average Education Level of Teachers	102
A-14	Pupil-Teacher Ratios	103
A-15	Teacher Salary Schedules	104
A-16	Title I Students as Percent of ADA	105

Table No.		Page No.
A-17	Minority Students as Percent of ADA	106
B-1	Analysis Groupings: Secondary School Districts.	108
B-2	Per Pupil Property Values and Property Tax Rates for Education	109
B-3	Revenues by Source of Funding in Dollars Per Pupil	110
B-4	Per Pupil Expenditure Differentials by Function in Dollars.	111
B-5	Expenditures by Function: Percent of Total COE.	112
B-6	Expenditures for Instructional Items in Dollars Per Pupil	113
B-7	Expenditures for Instructional Items: Percent of Total Instruction	114
B-8	Expenditures for Non-Instructional Items in Dollars Per Pupil	115
B-9	Expenditures for Non-Instructional Items: Percent of Total Non-Instructional.	116
B-10	Expenditures for Fixed Charges in Dollars Per Pupil	117
B-11	Expenditures for Fixed Charges: Percent of Total Fixed Charges	118
B-12	Average Years Experience	119
B-13	Average Education Level of Teachers	120
B-14	Pupil-Teacher Ratios.	121
B-15	Teacher Salary Schedules	122
B-16	Title I Students as Percent of ADA	123
B-17	Minority Students as Percent of ADA	124
C-1	State and Local Tax Burden for Education by Income Group: Rural.	130

Table No.		Page No.
C-2	State and Local Tax Burden for Education by Income Group: Urban	131
C-3	State and Local Tax Burden for Education by Income Group: Urban/Rural Combined	132

LIST OF FIGURES

Figure		Page No.
A	Local Revenues	19
B	Property Tax Rates for Education	22
C	Total Revenues by Source of Funding	28
D	State/Local Tax Burden for Education by Income Group	30
E	Total Per Pupil Expenditures	34
F	Expenditures by Function	38
G	Average Teacher Tenure	51
H	Teacher Education: Percent Advanced Degrees	54
I	The Impact of Teacher Education and Experience on Per Pupil Expenditures	55
J	Pupil-Teacher Ratios for Unit Districts	58
K	Salary Scale Comparison	61
L	Loss or Gain under Full State Funding Alternative	75
M	Impact of Statewide Property Tax Alternative on Present Tax Rates	78
N	State Share of Total Education Revenues	83
O	Task Force Proposal	86

I. INTRODUCTION

Among the first to experience current efforts to change methods of financing education, Illinois has been a focal state in the nationwide concern with how equitably public schools are financed. An early unsuccessful attempt to secure judicial intervention in school finance arose in Chicago[1] and other suits were filed subsequent to the California Supreme Court's decision in Serrano v. Priest.[2] As this legal action suggests, the Illinois state system of school finance results in expenditure and taxation patterns which are perceived by many as denying equal educational opportunity. Interdistrict disparities in both school expenditures and tax rates are substantial. The level of the state guaranteed program is much lower than the amount spent for public elementary and secondary schools in most communities.[3] Economic ability of local districts, therefore, to a large extent determines actual expenditures regardless of the educational requirements of students.

At the same time, many school districts experience continuing fiscal difficulty. Although the state share of education costs has increased

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1. McInnis v. Shapiro, 293 F. Supp. 327 (N.D. Ill. 1968), aff'd mem. sub nom., McInnis v. Ogilvie, 394 U.S. 322 (1969).

2. 5 Cal. 3d 584, 487 P. 2d 1241, 96 Cal. Rptr. 601 (1971).

3. In 1970-71, every school district in the state found it necessary to supplement the foundation guarantee with local revenues.

significantly from 20 percent in 1960 to a little more than 40 percent in 1970-71,[4] with the largest increase occurring after enactment of a state income tax in 1969, local revenues, raised primarily through the property tax, are the main source of school funds. Rising costs have outstripped the capacity of existing local levies and taxpayers are resistant to increased taxation. The result is program cuthacks and borrowing against the next fiscal year's anticipated tax receipts.

Thus, the problems of both equity and adequacy have stimulated widespread interest in seeking alternatives to the current school finance system. The Office of the Superintendent of Public Instruction reports that a large number of school finance reform proposals are in circulation and that at least a half dozen commissions or committees are studying school finance reforms.[5] Before turning to a discussion of the reform interests, the current system is briefly described.

THE ILLINOIS FOUNDATION PROGRAM

In fiscal 1971, 85 percent of state funds for education was distributed as general state aid, the bulk of which was allocated to the foundation program.[6] The remaining 15 percent was allocated to such categorical aids

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4. The Office of the Superintendent of Public Instruction, State and Local Financing for Illinois Public Schools 1972-73, Circular Series A, No. 313, Springfield, Ill., Office of the Superintendent, September 1972.

5. Ibid.

6. About 10 percent of this aid, however, is for teacher retirement payments.

as transportation, special education, free lunch and breakfast programs, bilingual programs, vocational and technical programs, gifted children programs.

Under the Illinois foundation program, the expenditure level is $520 per pupil for the best six month's weighted average daily attendance (WADA).[7] There is also a flat grant of $48 per WADA, which is the minimum amount of state aid a district may receive, regardless of its assessed valuation per pupil.

There are two qualifying tax rates for participation by local districts, depending on the type of district. The qualifying tax rate is 1.08 percent of assessed valuation for unit districts and 0.9 percent for each separate elementary and high school district (called dual districts).[8]

There was also an urban bonus based on increasing the WADA of districts with a WADA of 10,000 to 20,000 by 3.5 percent and the WADA of districts with a WADA of over 20,000 by 7 percent in fiscal 1971.[9]

Local districts may supplement the foundation expenditure level for operating expenses subject to prescribed maximum tax rates and may impose additional levies for other specified services such as transportation, summer school programs, and retirement funds.

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7. The weighting used is 1.25 for all secondary school students.

8. The qualifying rates for elementary and secondary districts were modified in 1972 to encourage consolidation.

9. The urban bonus rates were increased, particularly for large school districts, in 1972.

LOOKING FOR ALTERNATIVES

Four study groups, involving both legislative and administrative policy makers, are currently providing the main thrust in exploring school finance reforms. The State Superintendent of Public Instruction established an Advisory Committee on School Finance following the 1971 Serrano decision. The group consists of university professors, school district superintendents, representatives from the Office of the Superintendent and a representative from the Illinois Education Association. While they have endorsed no specific alternatives, the group has prepared papers on various approaches to reform including full state funding, district power equalization, and guaranteed valuation.[10]

The legislative group is the House Financing of Education Study Committee and consists of four members appointed from each party. While they are also investigating proposals for distribution systems to insure equal educational opportunity, their main concentration to date has been on revenue proposals to provide an equitable and adequate resource base.[11]

The third group, the Task Force on School Finance, was part of former Governor Ogilvie's Commission on Schools. This group issued a final report

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10. The "guaranteed valuation" is based on $42,000 per pupil, to be progressively raised each year thereafter. Superintendent's Advisory Committee on School Finance, "An Occasional Paper," Report No. 2, August 1972, p. 4. The fourth and final report of this Advisory Committee was recently published. Superintendent's Advisory Committee on School Finance, Final Report, Springfield, Ill., Office of the Superintendent of Public Instruction, April 1973. During 1972 and early 1973, three earlier volumes of contributed papers were published.

11. House Financing of Education Study Committee, "Interim Report," Springfield, Ill., Legislative Council Service Unit, January 1973.

in December 1972 with specific recommendations for assessment practices, revenues for financing education, and a distribution formula.[12] The Task Force recommended a three-tier formula for the distribution of current operating funds. Tier 1 would consist of a basic state grant given to all students. Tier 2 would consist of equalized expenditure levels such that equal district tax effort would result in equal revenues per student. Under Tier 1 and 2, it was anticipated that school districts would provide expenditures of at least $1,000 per student. Tier 3 would allow local districts to spend additional amounts which would not be equalized by the state. The Task Force also recommended that certain types of students be weighted.[13]

Finally, there is a permanent School Problems Commission which has been functioning for many years. It is comprised of seventeen members--five from the House, five from the Senate, the State Superintendent for Public Instruction, the Director of the Bureau of the Budget, and five members appointed by the Governor. Their continuing objective is to examine all matters relating to schools and make recommendations to the General Assembly.

In order to assist these various groups in developing alternative ways of raising and distributing education revenues, this study has focused on an analysis of the current system for financing education, how it contributes to disparities among districts, and the nature of those disparities. A precise understanding of Illinois' existing education finance system is an essential first step to the development of any alternative system of financing

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12. Governor's Commission on Schools, A New Design: Financing for Effective Education in Illinois, Final Report of the Finance Task Force, Springfield, Ill., December 1972.

13. Kindergarten (half day)--0.55; grades 1 through 3--1.10; grades 4 through 8--1.00; grades 9 through 12--1.25; and for all students classified as disadvantaged--1.25 in addition to the grade level weight.

education. This study therefore documents the sources of revenues which support public elementary and secondary education in Illinois, the impact of property wealth and tax rates among school districts, the tax burden for the support of public education for selected income groups, and the expenditure differentials as they relate to variations in the level and cost of educational services among categories of districts. The impact on various types of districts of selected hypothetical alternatives also is briefly examined.

SUMMARY OF FINDINGS

This report focuses on an analysis of unit districts for the school year 1970-71, although data for elementary and secondary districts are provided in the appendices. Thus, the following summary of findings, with the exception of the tax burden analysis, is based solely on the analysis of unit districts. For purposes of analysis, unit districts are subdivided into nine categories.

REVENUES

In fiscal 1971, for unit school districts, 39.9 percent of all school revenues came from the state, 53.6 percent was local, and 6.5 percent was federal.[14]

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14. Capital expenditures (with the exception of tax rates for debt service) are excluded from this analysis, since this is a cross-sectional study which examines revenues and expenditures only for the 1970-71 school year. Large capital outlays are generally sporadic rather than on an annual basis. Thus the inclusion of capital expenditures would distort any analysis of revenue and expenditure patterns among districts undertaken for a single year. It should be noted, however, that capital costs are of particular concern to local school districts in Illinois, since the state does not provide funds for construction other than in the form of loans to local districts (and a small grant program for construction of special education facilities). W. Monfort Barr et al., Financing Public Elementary and Secondary School Facilities in the United States, National Educational Finance Project Special Study No. 7, Gainesville, Fla., The Project, June 1970, pp. 293-294.

Local revenue, derived primarily from real and personal property taxes, is the principal source of funding for public education, the statewide average being $577 per pupil. Since there are wide disparities among districts in per pupil property values, the result is substantial disparities in per pupil local revenues. For example, rural Monticello raises $848 per pupil in local revenues, while Brookport, also a rural district, raises only $83 per pupil. The city of Chicago raises $620 per pupil.

State revenues, averaging about $430 per pupil, provide about 40 percent of school revenues for all unit districts. State funds have a somewhat equalizing effect, but do not overcome the local revenue differentials.

Federal funds, which average $70 per pupil, are concentrated in Chicago and East St. Louis, where most of the Title I students in the state are located.

An important aspect of equity concerns the impact of the state and local tax structures on different income groups. That is, what portion of household income is paid through taxes to support education and is the tax burden regressive, progressive, or proportional?

The tax burden analysis in this study is based on data for all districts in the state, not just unit districts. When the combined state and local taxes for education are examined, they are found to be regressive--the percent of income taxed is greater for low-income than for high-income households. Local taxes, primarily taxes on real property, are regressive with a tax burden ranging from 6.7 percent of income for low income households to 1.9 percent for high income households. State taxes, comprised largely of personal and corporate income taxes and sales taxes, are proportional, in that the same percentage of income is taxed for education regardless of the household income level.

EXPENDITURES

There are significant differences in per pupil expenditures among categories of school districts in Illinois. Chicago has the highest current operating expenditures, $1,200 per pupil, of all unit district categories.

Factors which affect variations in expenditures among districts can be determined by an analysis which distinguishes between differences in the level of services provided and differences in the cost of equivalent services. When analyzed according to the three major expenditure functions, Chicago has the highest expenditure per pupil in each category--$798 per pupil for instructional expenditures, $272 for non-instructional expenditures, and $130 for fixed charges.

Almost 40 percent of non-instructional expenditures are allocated to plant operation in unit districts, and the costs for this item are substantially above average in Chicago and East St. Louis. Over half of the expenditures for fixed charges is for certified employee retirement which is related to teacher salaries.

A considerable share of the differences in instructional expenditures between Chicago and its suburbs, as well as the balance of the state, is attributable to differences in per pupil expenditures for classroom teachers. Of the $131 per pupil difference in expenditures for classroom teachers between Chicago and its fast growth suburbs, $60 is due to a higher proportion of teachers with seniority and advanced degrees and lower pupil-teacher ratios, and $71 is due to differences in salaries for teachers of equivalent education and experience levels. Chicago and rural districts also show a pattern where differences in salaries account for more than half the expenditure differences. Thus, differences in levels of resources are

somewhat less important than differences in costs for equivalent services in explaining a substantial portion of expenditure differentials.

ALTERNATIVES

Two alternative methods of financing public schools, full state funding and the Governor's Finance Task Force proposal (based upon a guaranteed property base of $42,000 assessed value of property per pupil and a $3.00 tax rate) are examined.

With no increases in educational outlays and a redistribution of current non-federal education revenues on an equal per pupil basis, Chicago loses $88 per pupil whereas all but five Chicago suburban school districts would have an increase in revenues. Imposing a uniform statewide property tax in order to raise revenues now raised through the local property tax would mean an increase in the tax rates of rural districts and other SMSA suburbs. Chicago's tax rate would remain the same; tax rates would be reduced in the suburbs of Chicago, however.

The Finance Task Force proposal, if implemented, would mean that average property tax rates for unit districts would increase by 32.7 percent over current (fiscal 1971) rates. Only four unit districts, now taxing at a higher rate, would be able to reduce their tax rates. While the amount of state aid would increase by at least a third under this proposal and local revenues by about the same amount, the state share of total education revenues would remain unchanged. Chicago would actually receive a lower percentage of state aid than it now receives.

A weighted pupil formula, based on the share of Title I students in a district relative to the state's share of Title I students, is also analyzed.

II. CLASSIFICATION OF SCHOOL DISTRICTS

To better identify revenue and expenditure patterns among Illinois school districts, the 1,159 school districts analyzed in this study are grouped into three general categories--unit (kindergarten or grades one through twelve), elementary, and secondary.[1] Within each of these three categories, districts are subgrouped according to their degree of urbanization, size of population, or growth rate.

Unit districts in the Chicago Standard Metropolitan Statistical Area (SMSA) include the central city school district of Chicago; slow growth suburban school districts (those districts located in the Chicago SMSA with a rate of population growth between 1960 and 1970 that was below the median of all Chicago suburbs); and fast growth suburban school districts (those districts also located in the Chicago SMSA but with population growth rates higher than the suburban median).[2]

Because census boundaries are not coterminous with school district boundaries, elementary and secondary school districts which are suburbs of Chicago could not be subdivided according to their rate of population growth.

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1. Approximately sixteen districts were excluded from this analysis because of data limitations.

2. Previous analyses of metropolitan areas in other states have indicated that education finance characteristics differ between the older, more mature suburban districts and those undergoing rapid growth. B. Levin, T. Muller, W.J. Scanlon, and M.A. Cohen, "Public School Finance: Present Disparities and Fiscal Alternatives," Washington, D.C., The Urban Institute, 1972, p. 35.

The boundary of the Chicago SMSA includes school districts which are a considerable distance from Chicago.

Outside of the Chicago SMSA, the analysis categories include other SMSA city school districts, which are city school districts located in SMSA's other than the Chicago SMSA--Champaign, Urbana, Decatur, McLean, Bloomington, Peoria, Moline, Rock Island, Springfield, and Rockford, and other SMSA suburban school districts, which are the suburbs of the aforementioned cities. The East St. Louis city school district is examined separately from the other SMSA city school districts since it is part of the St. Louis, Missouri megalopolis and has certain characteristics not found in the other SMSA cities; similarly, East St. Louis suburban school districts are treated as a separate analytical category. The final two categories are the non-SMSA city school districts, those districts with populations over 10,000 which are not surrounded by built-up suburban areas, and rural school districts. This latter category includes school districts with cities under 10,000 population.

Table 1 shows the number of districts, average ADA, and the percent of state ADA for each analysis group. This classification of districts permits comparisons among types of districts. The distinction between fast and slow growth suburbs is useful since educational costs may vary according to the pace of growth and age of the community. In analyzing costs, it is sometimes useful to look at the metropolitan area as a whole. Central cities and suburbs in large metropolitan areas are likely to compete for teachers in the same labor market. Thus, the greater difference will be between the metropolitan area and rural areas, each of which is likely to have its own wage structure patterns.

TABLE 1

ANALYSIS GROUPINGS

TYPE OF DISTRICT	1970-71		
Unit Districts	No. of Districts *	Average ADA	Percent State ADA
Chicago	1	483,016	22.9%
Slow Growth Suburbs	11	6,081	3.2
Fast Growth Suburbs	11	3,346	1.8
East St. Louis	1	17,910	0.9
East St. Louis Suburbs	19	3,603	3.3
Other SMSA Cities	10	15,214	7.2
Other SMSA Suburbs	63	1,245	3.7
Non-SMSA Cities	12	5,155	2.9
Rural and Cities Under 10,000 Population	288	965	13.2
Secondary Districts			
Chicago Suburbs	56	3,437	9.2
E. St. Louis Suburbs	4	1,979	1.1
Other SMSA Suburbs	12	927	0.5
Non-SMSA Cities	8	1,610	0.6
Rural and Cities Under 10,000 Population	80	305	1.2
Elementary Districts			
Chicago Suburbs	234	1,952	21.7
East St. Louis Suburbs	19	834	0.8
Other SMSA Suburbs	56	655	1.8
Non-SMSA Cities	32	642	1.0
Rural and Cities Under 10,000 Population	242	259	3.0
STATE TOTAL	1,159		100.0%

*Because of data limitations, approximately 16 districts were omitted from this analysis.

While the largest number of districts (583) are elementary, about 60 percent of the total state ADA is in unit districts. Elementary districts comprise 28 percent of total state ADA and secondary districts 12 percent. Chicago, a unit district with over 483,000 students in average daily attendance, has 23 percent of the state's total. Among unit districts outside of Chicago, rural districts and those with cities under 10,000 population have the greatest aggregate ADA although the average district in this category has only 965 students. Elementary and secondary districts, in terms of their proportion of ADA, are concentrated in the Chicago suburban area. Thus, 77 percent of total elementary district ADA and 73 percent of secondary district ADA are in the Chicago suburbs.

Because unit districts have the greater percentage of students and because they include the large cities of the state as well as most rural districts, this report will concentrate on these districts. Tables showing school finance characteristics of elementary and secondary districts are included in the appendices.

The standard unit used in this report for comparing school districts is Average Daily Attendance (ADA) rather than enrollment or Average Daily Membership. Statistics, where applicable, are weighted by the size of the school district ADA. This means that a central city district is given more "weight" in calculating the statewide average than a small rural district. For example, since Chicago's ADA comprises approximately 23 percent of the total state ADA, in computing a statewide average, Chicago has a stronger influence than a district with only a thousand students. Data are not weighted for secondary students.

Disparities between school districts are expressed in terms of coefficients of variation. This is a statistical measure defined as the

standard deviation divided by the mean. Low values indicate little disparity between districts.

Most of the data used in this report, unless otherwise noted, are for the school year 1970-71.

III. REVENUES

State and local governments in Illinois raised $955 million for the support of public schools in fiscal 1971. State funds are derived primarily from sales taxes, individual and corporate income taxes, public utility taxes, and other excise taxes. Local funds are derived primarily from taxes on real and personal property.

This section of the report documents the level of funding of school districts by source and the tax burden for education on selected income groups. However, since local revenues had to be computed indirectly, the sum of revenues by source is not equivalent to actual school district expenditure outlays during the fiscal year.

REVENUES BY SOURCE OF FUNDING

LOCAL REVENUES

Local revenues in Illinois are derived primarily from local real and personal property taxes.[1] Local revenues are therefore a function of both property wealth and tax rates. On the average, local revenues from non-property tax sources comprise only 13.3 percent of total local revenues for unit district schools.

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1. In 1966, for the state as a whole, assessed personal property comprised 19.6 percent of the total assessed property base.

Average revenues from local sources among unit districts in the state amounted to $577 per pupil. This is 53.6 percent of the total funds for education from all sources.[2] Among the large cities, Chicago raises the highest amount of local revenues per pupil, $620. East St. Louis, with its low per pupil property base, raises only $407 from its own sources, while the other SMSA city districts average $592 in local revenue. Among Chicago's slow growth suburban districts, St. Charles raises the most local revenues from property taxes, $603 per pupil. Among the suburbs of East St. Louis, Venice raises $1,471. Among rural districts and cities under 10,000 population, there are sharp differences in the level of local revenues raised. A number of rural districts collect over $1,000 per pupil, others less than $250.[3] Local revenues per pupil by type of district are given in Figure A.

PROPERTY WEALTH

As noted above, the amount of local revenues raised is a function of both property values and tax rates. Chicago has an assessed valuation of $25,186 per pupil.[4] Slow growth suburbs of Chicago average $19,976, and

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2. In this analysis, local property tax revenues are computed by multiplying 1969-70 assessed property values by the property tax rate, less 3 percent to reflect the difference between gross tax billing and net tax collections. Local non-property tax revenues are taken from each school district's annual financial report.

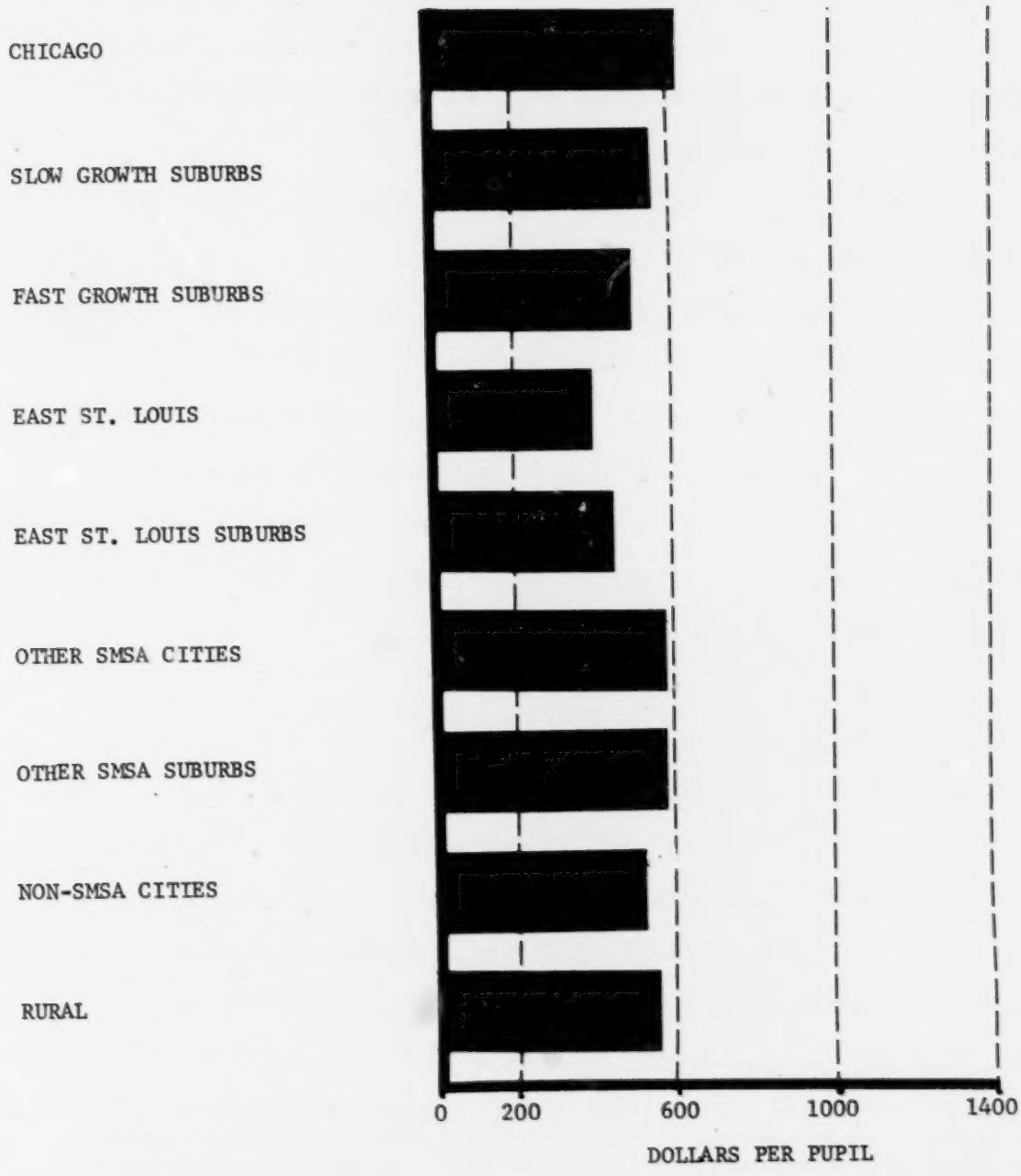
3. This is indicated in the high coefficient of variation for local revenues among rural districts, .33, compared to the state average of .22.

4. For purposes of computing state aid in Illinois, the assessed to market property value ratio is equalized at 50 percent. Chicago has high per pupil property values due to a concentration of commercial and industrial property--over 40 percent of all real property in Chicago in 1966 was comprised of commercial and industrial land and buildings--and to a lower ratio of public school students to total population than in other types of school districts. This is not dissimilar from central cities in many other states. See B. Levin, et al., "Public School Finance...," pp. 53-54.

FIGURE A

LOCAL REVENUES*
UNIT DISTRICTS

Fiscal 1970



*Local revenues are computed by multiplying tax rates by assessed per pupil property values.

its fast growth suburbs, $16,477. Per pupil property wealth among all Chicago suburbs ranges from $29,770 in Peotone to $9,921 in Round Lake. The other SMSA city districts have an average property wealth of $22,929 with little deviation in per pupil property wealth among these districts. The suburban school districts of these other SMSA cities have greater property wealth than the SMSA city districts--an average of $24,529 per pupil--which is almost as high as Chicago's.

East St. Louis has the lowest property wealth per pupil of all unit district categories, $13,297. Among the suburbs of East St. Louis, Venice has an average of $57,152 per pupil,[5] while three other districts have less than $10,000 assessed valuation per pupil.

Rural areas of the state have an average property value of $23,182, close to the state average of $23,007. There are sharp deviations in property wealth among rural districts.[6] The range of assessed per pupil property values in rural areas is from a low of $3,712 in Brookport to a high of $104,267 in Monticello.

TAX RATES

The average tax rate per $100 assessed value of property for operating expenditures for unit districts is $2.26, the same as that of the city of Chicago. The fast growth suburbs of Chicago have the highest average tax rate of any of the nine unit district categories, $2.74. The lowest average tax rates are found in the rural districts, $2.10, and in the suburbs of other SMSA city districts, $2.14 per $100 assessed property value.

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5. Venice has high per pupil property values because of the presence of power plant. However, it also has a very high percentage of minority students and students who, because they are from low income families or families who are recipients of welfare, are eligible for Federal Title I funds. Venice also happens to have a tax rate above the average for unit districts.

6. The coefficient of variation is .49.

Tax rates for capital outlays among unit districts average $0.44 per $100 assessed property value, less than 20 percent of the average tax rate for operating expenditures. The lowest tax rate for capital outlay, $0.27, is in the city of Chicago, whereas the highest average rate, $0.80, is found in the slow growth suburbs of that city.[7]

Total property taxes for education, operating and capital, average the highest in the suburbs of Chicago--$3.40 in fast growth suburbs and $3.26 in slow growth suburbs. The city of Chicago has the lowest tax rate among district categories, $2.53. The next lowest rate, $2.60, is found in the other SMSA suburbs and in rural areas. Thus, the pattern among the suburbs of Chicago differs from suburban districts surrounding the other SMSA cities in the state. In part, this is due to the fact that some of the school districts in the metropolitan areas other than Chicago are semi-rural. Figure B shows the property tax rates for both capital and operating expenditures for selected categories of school districts.

In examining the tax effort made by various types of school districts for the support of education, the "municipal overburden"--the non-educational public services such as police and fire protection or health services that must also be supported out of the property tax--should also be considered. The comparatively high percentage of local property taxes generally allocated for these latter services in city school districts may limit the extent to which these districts can realistically be expected to match the property tax rates levied for education in other school districts

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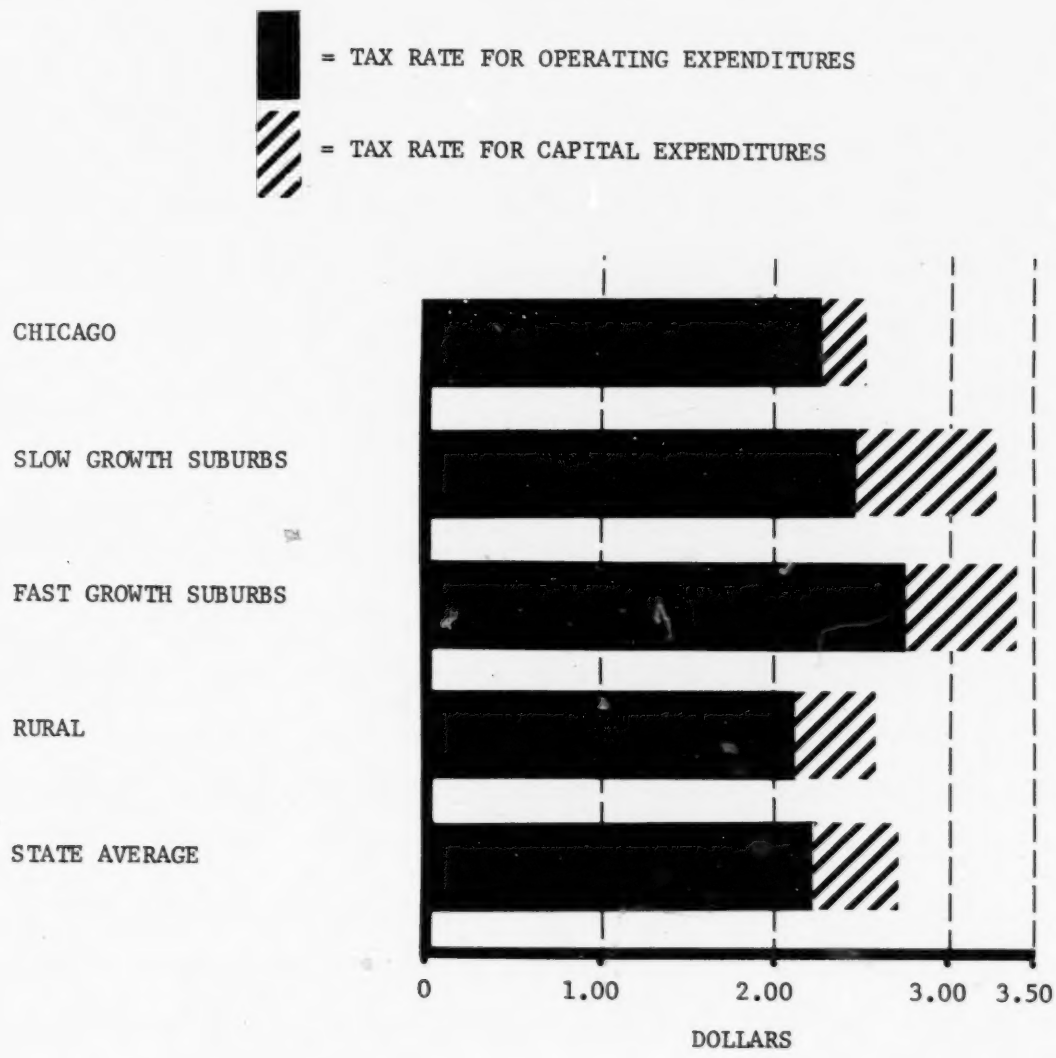
7. In contrast, in most other states studied, fast growth suburbs have the highest tax rates for capital outlay. B. Levin, T. Muller, and C. Sandoval, The High Cost of Education in Cities, Washington, D.C., The Urban Institute, 1973, pp. 37-39.

FIGURE B

PROPERTY TAX RATES FOR EDUCATION
(Per $100 of Assessed Value)

Fiscal 1970



that are not so heavily burdened by non-education expenses.[8] Data on property taxes for non-education public services, however, were not available for the State of Illinois in order to undertake this aspect of the analysis.

RELATIONSHIP BETWEEN PROPERTY WEALTH AND TAX RATES

Among unit districts of Illinois, there are wide differences in property wealth--differences which are much greater than the variations in local revenues. The variations in local wealth are tempered by local tax rates.

The generally inverse relationship between property wealth and tax rates is illustrated in Table 2. Fast and slow growth suburbs of Chicago and the district of East St. Louis, which have low property values per pupil, have higher property tax rates than the average. The city of Chicago, other SMSA suburbs, and rural districts, which have above average property values, have below average tax rates for education (operating and capital).

The tax rates reflect property wealth to a considerable degree. Thus, rural Monticello has an operating tax rate of only $0.84 and an assessed per pupil property value of $104,267, raising $848 per pupil of local revenues. Property-poor Brookport, with assessed per pupil property values of $3,713, has a tax rate of $2.32 yet raises only $83 per pupil.

STATE REVENUES

State revenues average $430 per pupil, 39.9 percent of school revenues from all governmental sources in unit districts. East St. Louis receives the highest level of state aid, $634 per pupil, which amounts to 52 percent of total school revenues for the district. Venice, a suburb of East St.

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8. See B. Levin and T. Muller, "The Financing of Schools in Minnesota," Washington, D.C., The Urban Institute, 1973, Table 3, p. 23; B. Levin, et al., The High Cost..., Fig. 3, p. 54.

TABLE 2

PER PUPIL PROPERTY VALUES AND PROPERTY TAX RATES FOR EDUCATION

UNIT DISTRICTS

1969-70

TYPE OF DISTRICT	Assessed Per Pupil Property Values	Operating Tax Rates*	Capital Outlay Tax Rates*	Total Tax Rates for Schools*
Chicago	$25,187	$2.26	$0.27	$2.53
Slow Growth Suburbs	19,976	2.46	0.80	3.26
Fast Growth Suburbs	16,477	2.74	0.66	3.40
E. St. Louis	13,297	2.56	0.58	3.14
E. St. Louis Suburbs	15,855	2.40	0.56	2.96
Other SMSA Cities	22,930	2.34	0.46	2.80
Other SMSA Suburbs	24,543	2.14	0.46	2.60
Non-SMSA Cities	21,307	2.26	0.48	2.74
Rural	23,182	2.10	0.50	2.60
STATE AVERAGE	$23,007	$2.26	$0.44	$2.70

*Per $100 assessed value of property.

Louis, with very high property values, receives only $154 from the state. The fast growth suburbs of Chicago average $480 per pupil in state aid. The slow growth suburbs receive $433 per pupil, which is nearly the same amount that the city of Chicago gets from the state.[9] State aid comprises 36.9 percent of Chicago's total education revenues. Other SMSA suburbs receive $374, less than other school district groupings, and rural districts receive $402 per pupil.

FEDERAL REVENUES

Federal revenues for unit districts averaged $70 per pupil in fiscal 1971, comprising only 6.5 percent of total education revenues among the unit districts of Illinois. The bulk of federal revenues go to East St. Louis, which receives $172 per pupil, and Chicago, which receives $130. The suburbs of Chicago receive the least amount of federal funds, $18 per pupil in the slow growth suburbs, $12 in the fast growth suburbs. Rural areas average $31.

Most of these federal funds are for Title I of the Elementary and Secondary Education Act. Title I students are concentrated in Chicago, which contains almost two-thirds of the state's total Title I eligibles. Most of the remaining Title I students are in East St. Louis and in the rural areas. Forty-three percent of all students in Chicago are eligible for Title I; in East St. Louis, 88 percent are eligible. By contrast, only about 5 percent of the students in the Chicago suburbs are Title I eligibles.

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9. Even though Chicago has high per pupil property values, it gets more state aid per pupil than the slow growth suburbs, largely due to the density aid bonus and categorical aid for special education programs.

The total number of Title I students in unit districts is approximately 320,000, over 25 percent of the unit district enrollment.

IMPACT OF REVENUES FROM ALL SOURCES

Total revenues, by source of funding, are given in Table 3 and Figure C, showing the relative share, by type of district, that each level of government contributes to total education costs. Because local revenues are computed from the tax base, current operating expenditures provide a more reliable comparison of total school district outlays for the school year 1970-71.[10]

The impact of the distribution of state revenues is somewhat equalizing since, in general, more state funds go to districts with low local revenues. The disparities between districts in local revenues are substantial. The addition of state funds (both foundation and categorical aid) reduces these disparities significantly.[11]

Federal revenues are somewhat "disequalizing," since a high proportion of Title I funds goes to Chicago, which already has above average revenues per pupil from state and local revenues.[12]

WHO PAYS FOR EDUCATION: ANALYSIS OF STATE AND LOCAL TAX BURDEN

The determination of the impact of the state and local tax structure for financing public education on the tax burden for selected income groups

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10. Figure E, p. 34.

11. The statewide coefficient of variation for local revenues is .22 for unit districts, which drops to .09 when state funds are taken into account.

12. When federal funds are added, the unit district coefficient of variation increases from .09 to .12.

TABLE 3

TOTAL REVENUES BY SOURCE OF FUNDING IN DOLLARS PER PUPIL

UNIT DISTRICTS

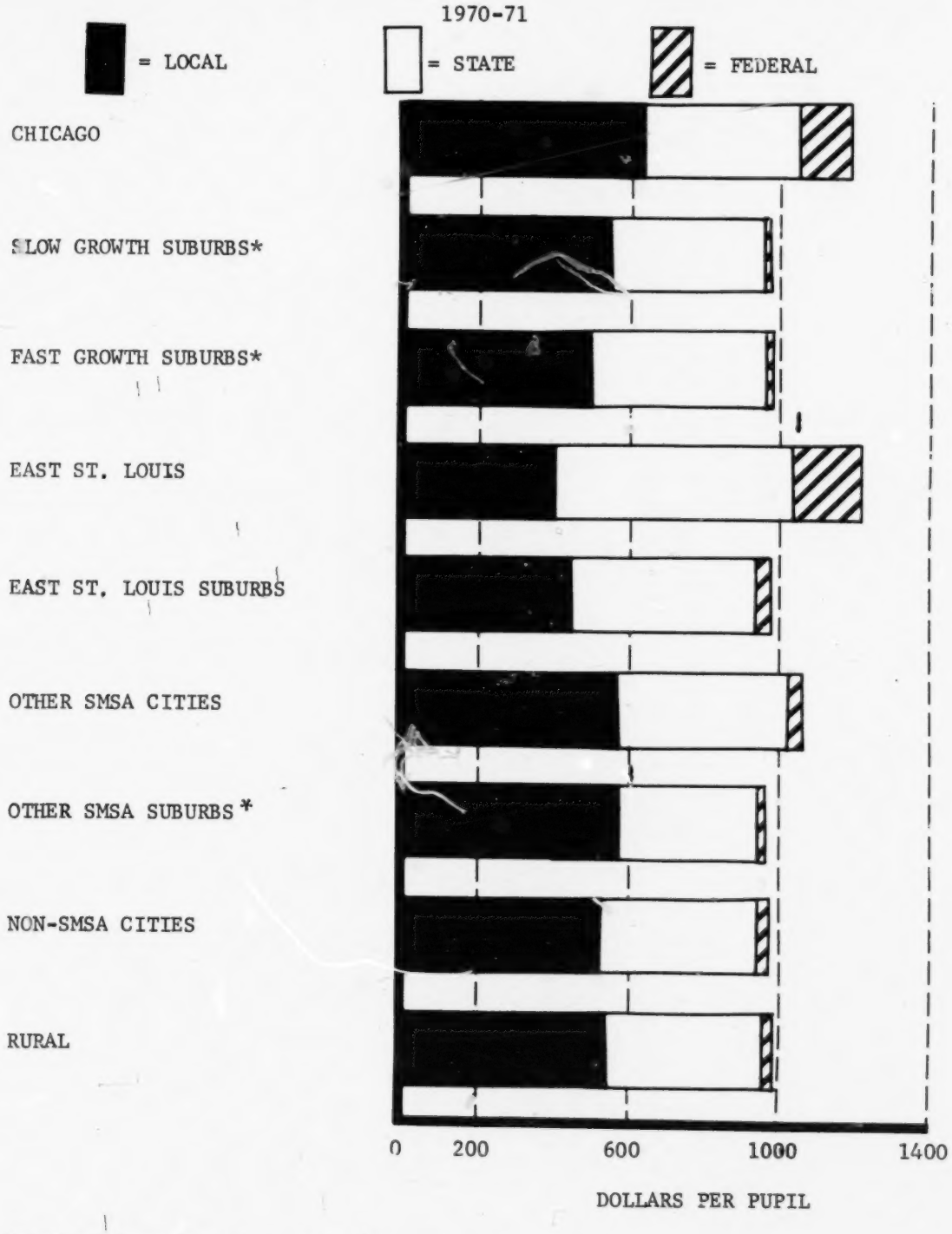
1970-71

TYPE OF DISTRICT	Local Revenues*	State Revenues	Federal Revenues	TOTAL REVENUES
Chicago	$620	$438	$130	$1,188
Slow Growth Suburbs	545	433	18	996
Fast Growth Suburbs	504	480	12	996
E. St. Louis	407	634	172	1,213
E. St. Louis Suburbs	443	491	48	982
Other SMSA Cities	592	428	28	1,048
Other SMSA Suburbs	590	374	15	979
Non-SMSA Cities	537	413	25	975
Rural	556	402	31	989
STATE AVERAGE	$577	$430	$ 70	$1,077

*Local revenues are computed by multiplying fiscal 1970 tax rates by that year's assessed per pupil property base.

FIGURE C

TOTAL REVENUES BY SOURCE OF FUNDING
UNIT DISTRICTS



*Federal revenues less than $20 per pupil.

is an important element in examining a state's education finance system. The tax burden for education is defined as the percentage share of personal income allocated to support public education. The analysis of the tax burden for selected income groups shows whether it is progressive--a larger percentage of the income of high income households is taxed for education than that of low income households; regressive--a larger percentage of the income of low income households is taxed; or proportional--all income groups contribute the same percentage of their income for the support of education.

The combined state and local tax burden, as shown in Figure D, is based on data for all school districts in the state--elementary and secondary as well as unit. As Figure D shows, the total tax burden for the support of public elementary and secondary education is regressive for all income groups.[13] Households in the lowest income group shown, those earning between $2,000 and $2,999, allocate 8.5 percent of their income for the support of education through state and local taxes. Middle-income households, earning between $7,500 and $9,999, allocate 4.6 percent of their income to schools while the highest income group, households earning over $15,000, pays only 3.5 percent.

The consistently regressive pattern of the state-local tax structure is due primarily to the impact of the local property tax, the dominant source of local revenues for education. State taxes, as shown in Figure D and Tables C-1 through C-3 in Appendix C, are essentially proportional.

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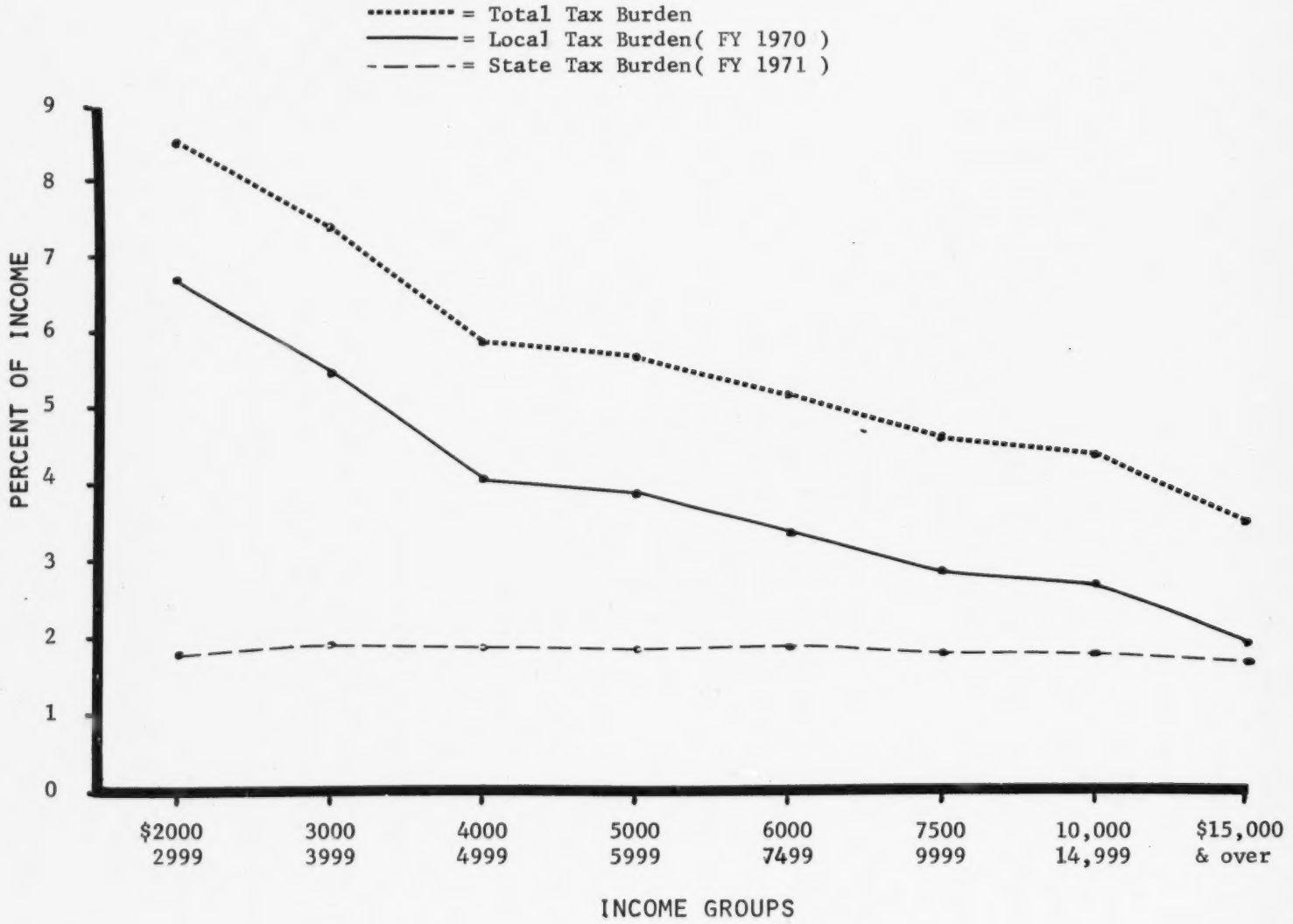
13. The methodology for computing the tax burden is described in Appendix C and shown in Tables C-1 through C-3.

FIGURE D

STATE/LOCAL TAX BURDEN FOR EDUCATION BY INCOME GROUP



SUMMARY OF REVENUE ANALYSIS

The sources of revenue for unit districts are local levies, 53.6 percent, state aid (both general and categorical), 39.9 percent, and federal funds, 6.5 percent.

Taxes on property provide most of the revenue from local sources. There are wide differences in property wealth among Illinois districts and the amount of local revenue varies accordingly. The tax effort of local districts is generally greater in those districts with lower property valuations than in property-rich districts. This extra tax effort somewhat narrows the variations in local revenues per pupil among districts. State aid, which averages $430 per pupil, has an equalizing effect in that lower local revenues are offset by higher state payments.

Although state taxes are proportional among selected income groups, the combined state and local tax burden is regressive because of the heavy reliance on the regressive local property tax.

IV. EXPENDITURES

Total current operating expenditures by category of district range from a high of $1,200 per pupil in Chicago to a low of $904 per pupil in other SMSA suburban districts.[1] (See Figure E.) The significant issue, however, is not the differences in the dollars being spent but in the educational services being provided. In order to make some determination of the level of services provided in each district, per pupil expenditure differentials are examined by function.

Further, in most analyses of school expenditures, a principal source of confusion has been the failure to make a clear distinction between spending differences among school districts which are due to variations in price or wages and those which result from differences in the level of services. The analytic approach taken in this study is intended to clarify this distinction. Thus cost differentials are analyzed by examining to what extent disparities in overall expenditures can be attributed to quantitative differences in the level of education resources provided to students, such as pupil-teacher ratios and average years of teacher

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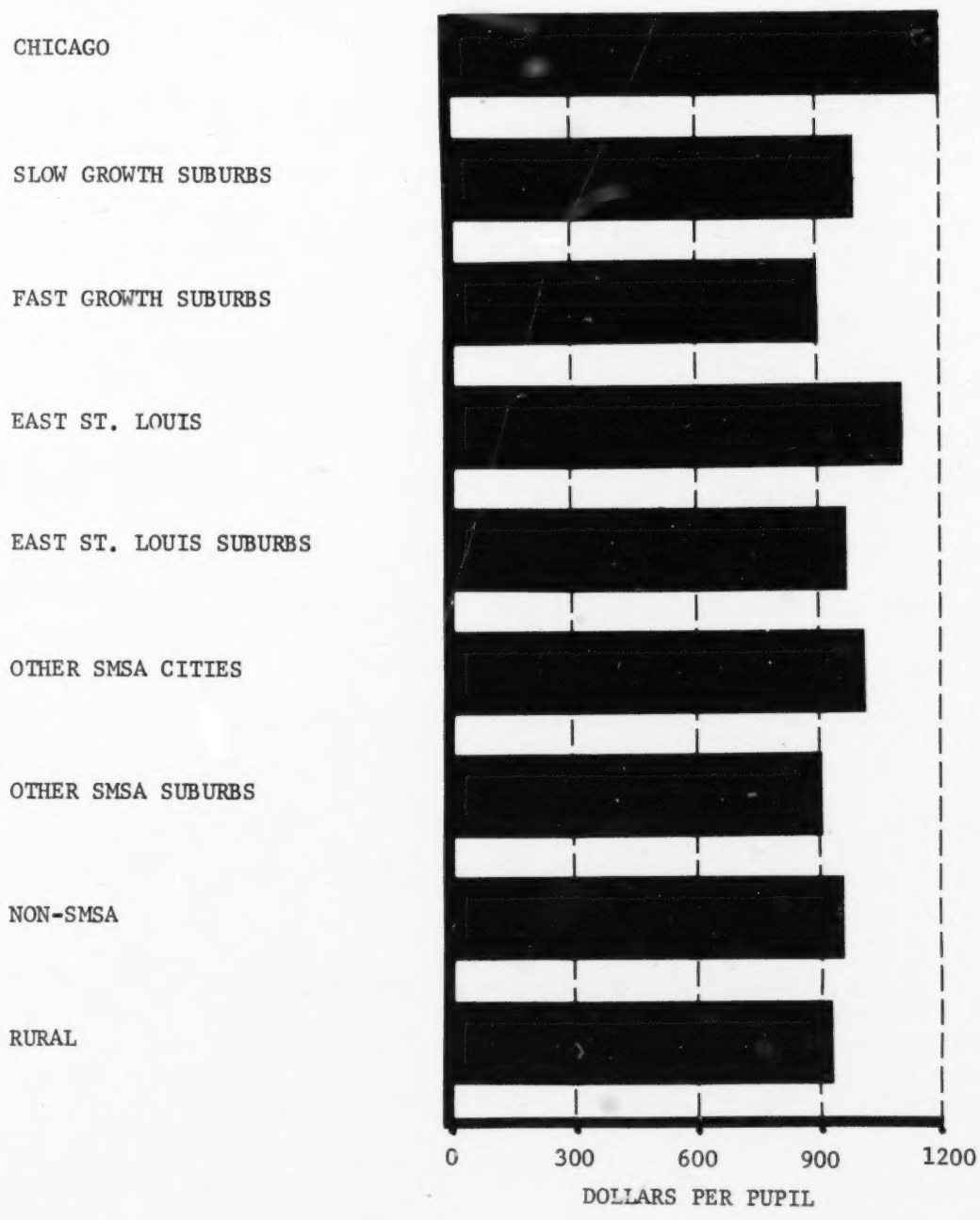
1. Current operating expenditures provide a more reliable comparison of school district outlays among districts than the use of revenue data since local revenues are based on receipts for the fiscal year (rather than the school year). In this analysis, as noted in the previous chapter, local revenues had to be computed from the 1970 fiscal year tax base.

FIGURE E

TOTAL PER PUPIL EXPENDITURES*
UNIT DISTRICTS

1970-71



*Reflects all governmental sources of funds.

experience, and to what extent expenditure differentials can be attributed to price or wage differences for comparable resources.

EXPENDITURE ANALYSIS BY FUNCTION

There are three broad categories of current operating expenditures. These are shown by type of district in Tables 4 and 5 and in Figure F. The major component is instructional expenditures. This category includes expenditures for principals and supervisors, for classroom teachers, for other instructional personnel--special education teachers, guidance counselors, librarians, etc., and for largely non-salary instructional items such as supplies and textbooks. This category includes clerical staff as well.

The second category, non-instructional expenditures, includes expenditures for administration, transportation, plant operation, plant maintenance, and other items such as health and food services.

The third major category, fixed charges, includes such items as employee retirement benefits, community services, and other miscellaneous services. Ideally, instructional personnel benefits should be included in the category of instructional expenditures but most school accounting systems are such that expenditures for this item cannot be readily separated from other fixed charges.

INSTRUCTIONAL EXPENDITURES

Instructional expenditures by item, in dollars per pupil and in percents, are shown in Tables 6 and 7. For the school year 1970-71, the average per pupil expenditure for instruction in unit districts was $707. Per pupil

TABLE 4

PER PUPIL EXPENDITURE DIFFERENTIALS BY FUNCTION

UNIT DISTRICTS

1970-71

	Chicago	Slow Growth Suburbs	Fast Growth Suburbs	East St. Louis	East St. Louis Suburbs	Other SMSA Cities	Other SMSA Suburbs	Non-SMSA Cities	Rural	TOTAL STATE AVERAGE
Total Instructional	$ 798	$ 703	$ 621	$ 730	$ 660	$ 715	$ 599	$ 661	$ 608	$ 707
Total Non-Instructional	272	213	209	271	234	222	237	222	245	248
Total Fixed Charges	130	79	71	106	79	81	68	75	72	97
TOTAL CURRENT OPERATING EXPENDITURES	$1,200	$ 995	$ 901	$1,107	$ 973	$1,018	$ 904	$ 958	$ 925	$1,052

TABLE 5

EXPENDITURES BY FUNCTION: PERCENT OF TOTAL COE

UNIT DISTRICTS

1970-71

	Chicago	Slow Growth Suburbs	Fast Growth Suburbs	East St. Louis	East St. Louis Suburbs	Other SMSA Cities	Other SMSA Suburbs	Non-SMSA Cities	Rural	TOTAL STATE AVERAGE
Total Instructional	66.5%	70.7%	68.9%	65.9%	67.8%	70.2%	66.3%	69.0%	65.7%	67.2%
Total Non-Instructional	22.7	21.4	23.2	24.5	24.0	21.8	26.2	23.1	26.5	23.6
Total Fixed Charges	10.8	7.9	7.9	9.6	8.2	8.0	7.5	7.8	7.8	9.2
TOTAL CURRENT OPERATING EXPENDITURES	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

FIGURE F

EXPENDITURES BY FUNCTION

UNIT DISTRICTS

1970 - 1971

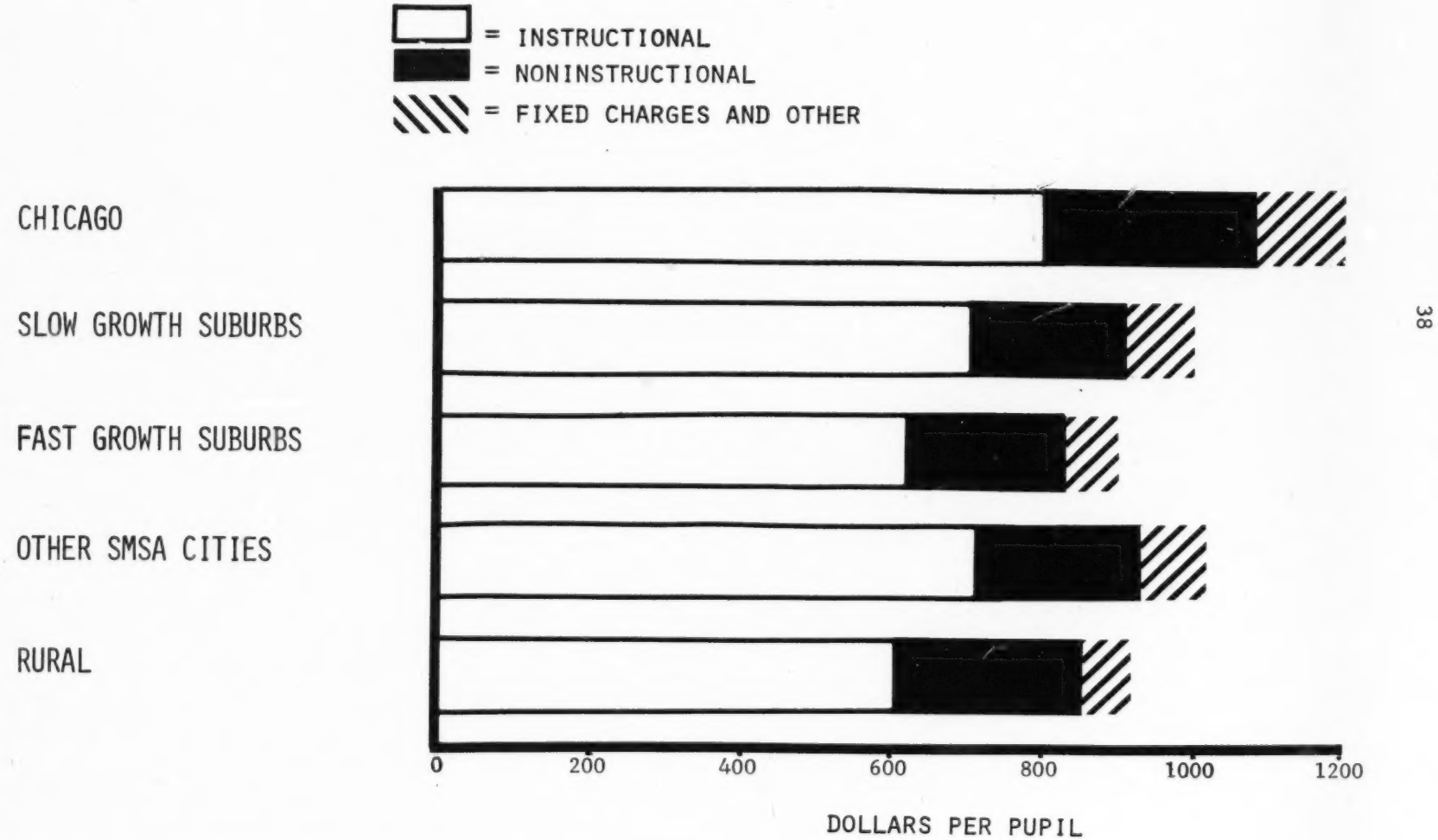


TABLE 6

EXPENDITURES FOR INSTRUCTIONAL ITEMS IN DOLLARS PER PUPIL

UNIT DISTRICTS

1970-71

	Chicago	Slow Growth Suburbs	Fast Growth Suburbs	East St. Louis	East St. Louis Suburbs	Other SMSA Cities	Other SMSA Suburbs	Non-SMSA Cities	Rural	TOTAL STATE AVERAGE
TOTAL INSTRUCTIONAL	$798	$703	$621	$730	$660	$715	$599	$661	$608	$707
Principals	56	47	39	144	46	53	41	51	37	50
Classroom Teachers	620	548	489	515	521	552	480	518	497	555
Other Instructional Staff	41	33	27	18	30	46	18	30	17	32
Other Instructional Exps.	81	75	66	53	63	64	60	62	57	70

TABLE 7

EXPENDITURES FOR INSTRUCTIONAL ITEMS: PERCENT OF TOTAL INSTRUCTION

UNIT DISTRICTS

1970-71

	Chicago	Slow Growth Suburbs	Fast Growth Suburbs	East St. Louis	East St. Louis Suburbs	Other SMSA Cities	Other SMSA Suburbs	Non-SMSA Cities	Rural	TOTAL STATE AVERAGE
TOTAL INSTRUCTIONAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Principals	7.0	6.7	6.3	19.7	7.0	7.4	6.8	7.7	6.1	7.1
Classroom Teachers	77.7	80.0	78.7	70.6	78.9	77.2	80.2	78.4	81.7	78.5
Other Instructional Staff	5.1	4.7	4.4	2.5	4.6	6.4	3.0	4.5	2.8	4.5
Other Instructional Exps.	10.2	10.7	10.6	7.3	9.6	9.0	10.0	9.4	9.4	9.9

expenditures for classroom teachers account for 78.5 percent of this total, other instructional staff for 4.5 percent, principals and supervisors 7.1 percent, and other instructional costs 9.9 percent.

As shown in Table 6, total instructional expenditures are the highest in Chicago, $798 per pupil, while other SMSA suburban districts average the lowest for all unit district categories, $599.

Per pupil expenditures for teachers are the highest in Chicago, $620 per pupil, followed by $552 in other SMSA cities. Slow growth suburbs spend $548, $59 per pupil more than fast growth suburbs.

The average per pupil expenditure for other instructional personnel is $32. Since the definition of "other instructional personnel" varies among school districts, comparisons are not very meaningful. Other SMSA cities spend $46 per pupil on this category of personnel; Chicago spends $41. Rural districts spend only $17, slightly more than half the state average.

The average outlay for principals and supervisors is $50 per pupil. East St. Louis, however, spends $144, which is well above the Chicago level of $56.[2] Rural areas spend only $37 for this item.

Other instructional costs (books and supplies, etc.) average $70 per student. Chicago has the highest expenditure, $81 per pupil, followed by slow growth suburbs which spend $75. Rural districts average only $57 per pupil for this item.

About 74 percent of the $177 per pupil gap in instructional expenditures between Chicago and its suburbs is due to per pupil expenditure differentials

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2. East St. Louis may have incorrectly reported this item to the state.

for teachers. (Expenditure disparities among other types of school districts are also primarily due to differences in per pupil expenditures for teachers.) The remaining 26 percent is explained by the fact that expenditures for all other instructional items are also higher in Chicago than in any of the suburban districts. Thus Chicago has the highest per pupil expenditures for instruction of all unit districts in the Chicago SMSA.

NON-INSTRUCTIONAL EXPENDITURES

Non-instructional expenditures, which include administration, plant operation, plant maintenance, transportation, and miscellaneous items, show considerably less variation among categories of districts compared to instructional outlays. These expenditures are shown in Tables 8 and 9. For the school year 1970-71, the highest per pupil expenditures for non-instructional items, $272, occur in Chicago (with East St. Louis spending only $1 less), the lowest, $209, in the fast growth suburban districts of Chicago.

Administrative costs are highest in Chicago, $44 per pupil, followed by rural areas, which average $40. Non-SMSA cities spend only $25 for this item, substantially below the state average. Among rural districts, the cost of administration varies considerably. Districts with small enrollments, such as the Melvin Sibley district and Piper City district, are spending over $94 per pupil for administration, whereas many larger rural districts spend less than $30 per pupil. Thus, high administrative costs in the smaller districts are undoubtedly due to diseconomies of scale.[3]

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3. For example, a superintendent of a district with 100 students can have approximately the same salary as a superintendent of a district with 2,000 students. Obviously, the per pupil cost of a superintendent is much higher in the smaller school district. Thus the higher administrative costs per pupil in the smaller school district are said to be due to "diseconomies of scale."

TABLE 8

EXPENDITURES FOR NON-INSTRUCTIONAL ITEMS IN DOLLARS PER PUPIL

UNIT DISTRICTS

1970-71

	Chicago	Slow Growth Suburbs	Fast Growth Suburbs	East St. Louis	East St. Louis Suburbs	Other SMSA Cities	Other SMSA Suburbs	Non-SMSA Cities	Rural	TOTAL STATE AVERAGE
TOTAL NON-INSTRUCTIONAL	$ 272	$ 213	$ 209	$ 271	$ 234	$ 222	$ 237	$ 222	$ 245	$ 248
Administration	44	34	32	37	33	30	40	25	40	39
Transportation	13	23	31	27	28	15	36	28	39	23
Plant Operation	118	83	77	123	80	86	75	88	73	95
Plant Maintenance	19	24	20	20	24	35	18	26	21	22
Other Non-Instructional	78	49	49	64	69	56	68	56	72	69

TABLE 9

EXPENDITURES FOR NON-INSTRUCTIONAL ITEMS: PERCENT OF TOTAL NON-INSTRUCTION

UNIT DISTRICTS

1970-71

	Chicago	Slow Growth Suburbs	Fast Growth Suburbs	East St. Louis	East St. Louis Suburbs	Other SMSA Cities	Other SMSA Suburbs	Non-SMSA Cities	Rural	TOTAL STATE AVERAGE
TOTAL NON-INSTRUCTIONAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Administration	16.2	16.0	15.3	13.7	14.1	13.5	16.9	11.3	16.3	15.7
Transportation	4.8	10.8	14.8	10.0	12.0	6.8	15.2	12.6	15.9	9.3
Plant Operation	43.4	39.0	36.8	45.4	34.2	38.7	31.7	39.6	30.0	38.3
Plant Maintenance	7.0	11.3	9.6	7.4	10.3	15.8	7.6	11.7	8.5	8.9
Other Non-Instructional	28.6	23.0	23.5	23.1	29.5	25.2	28.6	25.2	29.3	27.8

Plant operation costs--the largest non-instructional expenditure item statewide, accounting for over 38 percent of non-instructional costs--are the highest in East St. Louis and in Chicago, $123 and $119 per pupil respectively. Expenditures in all other categories of districts range from $73 in rural areas to $88 in non-SMSA cities. Thus, the two largest cities of Illinois are spending substantially above the average of other districts for plant operation.

Plant maintenance costs are the highest in other SMSA city school districts, averaging $35 per pupil. Expenditures in Chicago are only $19, about the same as in the suburbs of other SMSA cities. Chicago's outlays for this item are among the lowest in the state for unit districts, even slightly below the level of fast growth suburbs which generally have newer school buildings needing less maintenance and repair. Thus, insofar as these costs are concerned, Chicago differs from large cities in other states studied, where maintenance expenditures are generally well above the state average.[4]

As would be expected, rural districts spend $39 for transportation, somewhat more than any other school district category. Chicago spends only $13 per pupil,[5] fast growth suburbs $31.

FIXED CHARGES

Total fixed charges, grouped into three major functions, account for less than ten percent of operating expenditures. (See Tables 10 and 11.)

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4. B. Levin, et al., "Public School Finance . . .," Table II-18, p. 86.

5. In Chicago, part of the transportation cost is borne by the city, and thus is not part of the education budget.

TABLE 10

EXPENDITURES FOR FIXED CHARGES IN DOLLARS PER PUPIL

UNIT DISTRICTS

1970-71

	Chicago	Slow Growth Suburbs	Fast Growth Suburbs	East St. Louis	East St. Louis Suburbs	Other SMSA Cities	Other SMSA Suburbs	Non-SMSA Cities	Rural	TOTAL STATE AVERAGE
TOTAL FIXED CHARGES	$130	$79	$71	$106	$79	$81	$68	$75	$72	$97
Certified Employee Retirement	66	47	42	51	46	47	41	45	43	53
Non-Certified Employee Retirement	0*	14	12	20	15	13	12	14	12	8
Other	64	18	17	35	18	21	15	16	17	36

*Paid directly by City of Chicago.

TABLE 11

EXPENDITURES FOR FIXED CHARGES: PERCENT OF TOTAL FIXED CHARGES

UNIT DISTRICTS

1970-71

	Chicago	Slow Growth Suburbs	Fast Growth Suburbs	East St. Louis	East St. Louis Suburbs	Other SMSA Cities	Other SMSA Suburbs	Non-SMSA Cities	Rural	TOTAL STATE AVERAGE
TOTAL FIXED CHARGES	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Certified Employee Retirement	50.8	59.5	59.2	48.1	58.2	58.0	60.3	60.0	59.7	54.6
Non-Certified Employee Retirement	0*	17.7	16.9	18.9	19.0	16.1	17.7	18.7	16.7	8.3
Other	49.2	22.8	23.9	33.0	22.8	25.9	22.0	21.3	23.6	37.1

*Paid directly by City of Chicago.

These expenditures, as shown in Table 10, range from a high of $130 per pupil in Chicago to $71 in fast growth suburbs.

Payment for certified employee retirement, which accounts for over half of the expenditures for fixed charges, is generally related to teacher salaries. Thus, districts such as Chicago, with high average salaries for instructional personnel, have higher expenditures for retirement. Chicago spends $66 for this function, other SMSA suburbs only $41.

Non-certified employee retirement costs in Chicago are not part of the education budget but are included in the municipal budget.[6] Among those districts where this item is included in the education budget, East St. Louis has the highest per pupil expenditure.

Non-retirement expenditures account for about 37 percent of all fixed charges in unit districts. (See Table 11.)

FACTORS EXPLAINING INTERDISTRICT DIFFERENCES IN PER PUPIL EXPENDITURES

A considerable share of the difference in per pupil expenditures between Chicago and its suburbs, as well as the balance of the state, is attributable to differences in expenditures for instructional functions. The following factors are examined to determine to what degree they contribute to the per pupil instructional cost differentials between Chicago, its suburbs, and rural districts of Illinois:

1. Teacher characteristics--education and experience levels
2. Pupil-teacher ratios
3. Classroom teacher salaries

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6. In fiscal 1972, the city paid $9.6 million for non-certified employee pension plans, an average of $20 per pupil.

The first step is to determine to what extent disparities in total instructional expenditures for the school year 1970-71 can be attributed to quantitative differences in the level of educational resources provided, such as the number of teachers, the proportion of teachers with advanced degrees, and average years of teacher longevity. These quantitative differences are then controlled in order to determine to what extent differences in expenditure levels between Chicago, its fast growth suburbs, and rural districts are due to price or wage differences for comparable resources.

TEACHER EXPERIENCE AND EDUCATION LEVELS

TEACHER EXPERIENCE

The average length of tenure for unit district teachers, as shown in Table 12, is 9.9 years. However, average length of tenure varies on the basis of both levels of education and type of district. Teachers with no degrees average 21.4 years of experience, whereas those with bachelor's degrees average only 7.9 years and those with master's degrees 14.5 years. This follows the pattern of other states studied, and suggests that most teachers with advanced degrees continue their education after they have begun teaching.

In Chicago, teachers have considerably less tenure, averaging only 8.3 years. This is less than any other district category, with the exception of fast growth suburbs. Teachers with the longest average tenure are found in East St. Louis, where the average length of tenure is 12.2 years. This average tenure is 3.9 years more than in Chicago, and 1.8 years more than in school districts in the suburbs of East St. Louis. As in other states, teachers in slow growth suburbs have comparatively long average tenure, averaging 9.3 years. Figure G shows average length of teacher tenure for selected categories of unit districts.

TABLE 12

AVERAGE YEARS EXPERIENCE

UNIT DISTRICTS

1970-71

TYPE OF DISTRICT	Teachers With No Degrees	Teachers With B.A. Degrees	Teachers With M.A. Degrees	Teachers With Ph.D. Degrees	AVERAGE EXPERIENCE ALL TEACHERS
Chicago	*	6.6 yrs.	13.1 yrs.	12.9 yrs.	8.3 yrs.
Slow Growth Suburbs	20.4 yrs.	7.1	14.7	17.0	9.3
Fast Growth Suburbs	17.6	6.6	12.3	21.0	7.8
E. St. Louis	22.8	10.6	16.1	**	12.2
E. St. Louis Suburbs	18.3	8.5	15.7	**	10.4
Other SMSA Cities	17.3	9.0	17.0	18.3	11.6
Other SMSA Suburbs	21.8	8.3	14.4	25.5	10.4
Non-SMSA Cities	20.9	9.1	16.2	14.5	11.3
Rural	22.1	9.5	15.3	10.0	11.7
STATE AVERAGE	21.4	7.9	14.5	14.0	9.9

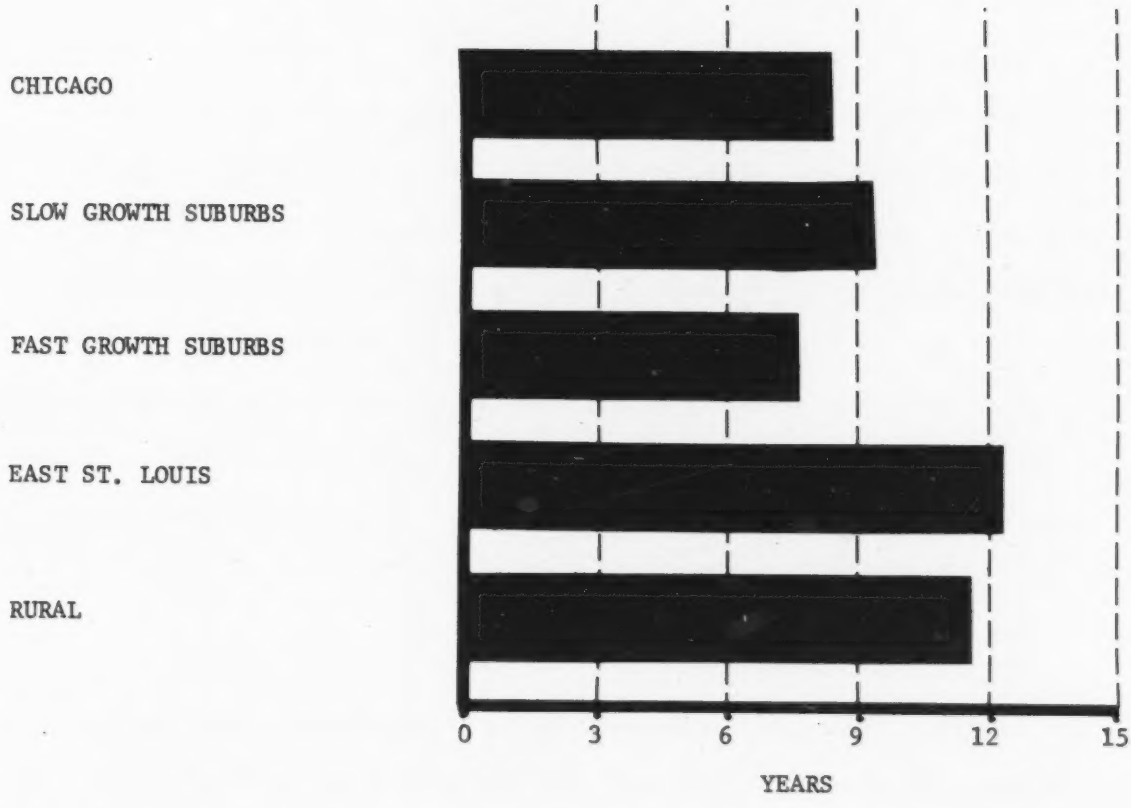
*All teachers in Chicago have at least a B.A. degree.

**Less than .05 percent of the teachers in these districts have Ph.D. degrees.

FIGURE G

AVERAGE TEACHER TENURE

1970-71



TEACHER EDUCATION

As shown in Table 13 and Figure H, there are considerable differences in the proportion of teachers with no degrees, with bachelor's degrees, and with advanced degrees among the categories of unit districts. Although the statewide average among unit districts for teachers without degrees is only 3.2 percent of all teachers, the percentage of teachers without degrees is an average 9.3 percent in rural districts, 8.3 percent in other SMSA suburbs, and 4.6 percent in East St. Louis.

The highest proportion of advanced degrees, 29.9 percent, is found in the other SMSA city districts. In Chicago, 25.7 percent of all teachers have advanced degrees, slightly below the 26.4 percent average found in slow growth suburbs. Contrary to the pattern found in other states similarly analyzed, where the percentage of teachers with advanced degrees is much lower, 27 percent of non-SMSA city teachers have advanced degrees. The lowest percentages of teachers with advanced degrees are in the fast growth suburbs of Chicago, where only 15.2 percent of their teachers have advanced degrees. This is below the 17.8 percent found in rural districts--a pattern which also differs from other states examined.

COMBINED IMPACT OF EDUCATION AND EXPERIENCE ON PER PUPIL EXPENDITURES

Figure I shows the combined effect of interdistrict differences in education and experience levels of teachers on per pupil expenditures. The analysis assumed no wage differences among districts for teachers of equivalent education and experience levels (that is, a uniform statewide salary schedule would be imposed) and no differences in pupil-teacher ratios among districts.

TABLE 13

AVERAGE EDUCATION LEVEL OF TEACHERS

UNIT DISTRICTS

1970-71

TYPE OF DISTRICT	Percentage of Teachers With No Degree	Percentage of Teachers With B.A. Degree	Percentage of Teachers With M.A. Degree	Percentage of Teachers With Ph.D. Degree
Chicago	*	74.2%	25.7%	0.1%
Slow Growth Suburbs	1.4%	72.1	26.4	**
Fast Growth Suburbs	2.4	82.3	15.2	**
E. St. Louis	4.6	77.1	18.3	**
E. St. Louis Suburbs	2.2	74.5	23.3	**
Other SMSA Cities	2.0	68.1	29.9	0.1
Other SMSA Suburbs	8.3	75.6	16.1	0.1
Non-SMSA Cities	2.4	70.4	27.0	0.1
Rural	9.3	72.9	17.8	**
STATE AVERAGE	3.2%	73.3%	23.9%	0.1%

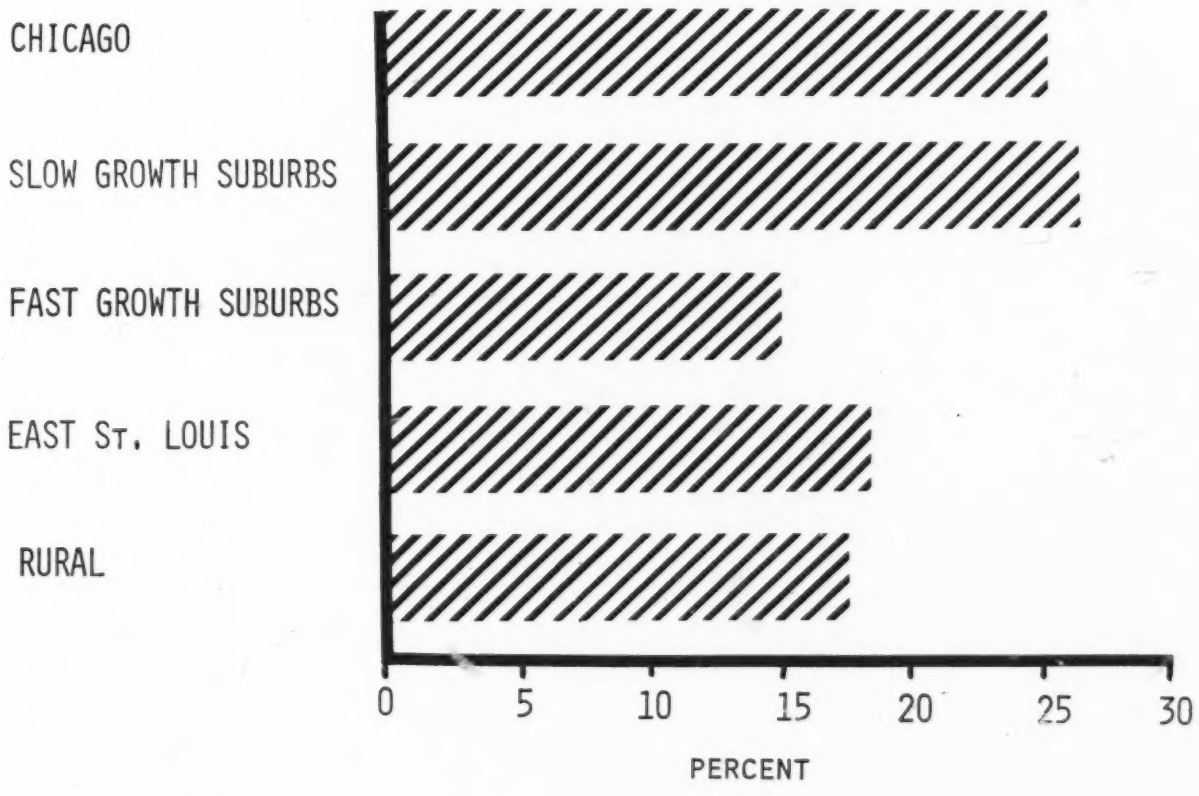
* All teachers in Chicago have at least a B.A. degree.

** Less than .05 percent of the teachers in these districts have Ph.D. degrees.

FIGURE H

TEACHER EDUCATION : PERCENT ADVANCED DEGREES*

1970 - 1971

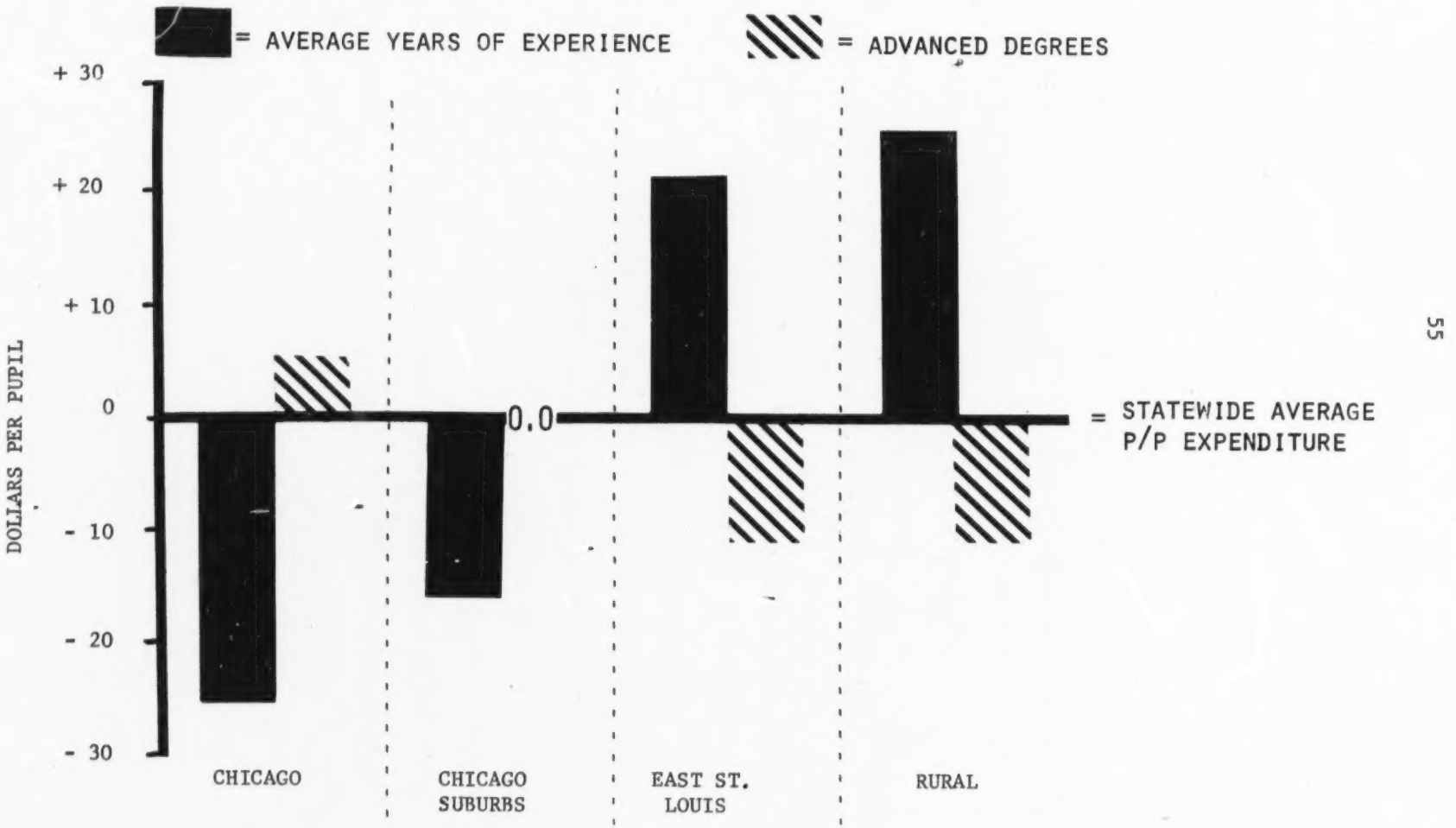


* TEACHERS WITH A MASTERS DEGREE OR ABOVE.

FIGURE I

THE IMPACT OF TEACHER EDUCATION AND EXPERIENCE ON PER PUPIL EXPENDITURES

(AS SHOWN BY DEVIATION FROM STATEWIDE AVERAGE)



PUPIL-TEACHER RATIOS

With the exception of Chicago and East St. Louis, pupil-teacher ratios shown in Table 14 and Figure J for 1970-71 show little variation among types of school districts. Chicago, however, has the lowest pupil-teacher ratio among categories of unit districts, 18.7. This is probably due in part to additional personnel provided with federal Title I funds for compensatory programs. In sharp contrast to Chicago is East St. Louis, which reported a ratio of 26.1 despite large amounts of federal funding for this district.

The slow growth suburbs of Chicago have a pupil-teacher ratio averaging 22.3 while fast growth suburbs average 20.4. However, there are a few suburban districts which have considerably lower pupil-teacher ratios.[7]

CLASSROOM TEACHER SALARIES

MINIMUM AND MAXIMUM SALARY RANGES

Salary data for both fiscal 1971 and fiscal 1972 are included in this analysis. In fiscal 1971, the highest starting salary for teachers with B.A. degrees and no experience was $8,400, paid by Chicago, followed by slow growth suburbs with $7,671. The lowest starting salaries, $7,113, were found in rural districts. The highest maximum salaries for teachers with B.A. degrees, $13,388, also were paid by Chicago. The next highest average maximum salary of $10,759 was paid by slow growth suburbs, with a low of $9,540 by rural areas. The gap between Chicago and rural areas in maximum salaries paid to teachers with B.A. degrees was $3,848.

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7. For example, Lake Zurich and Alden-Hebron, both slow growth suburbs, have ratios similar to Chicago's. Beecher, a fast growth suburb, has a pupil-teacher ratio that is even lower--16.8.

TABLE 14

PUPIL-TEACHER RATIOS

UNIT DISTRICTS

1970-71

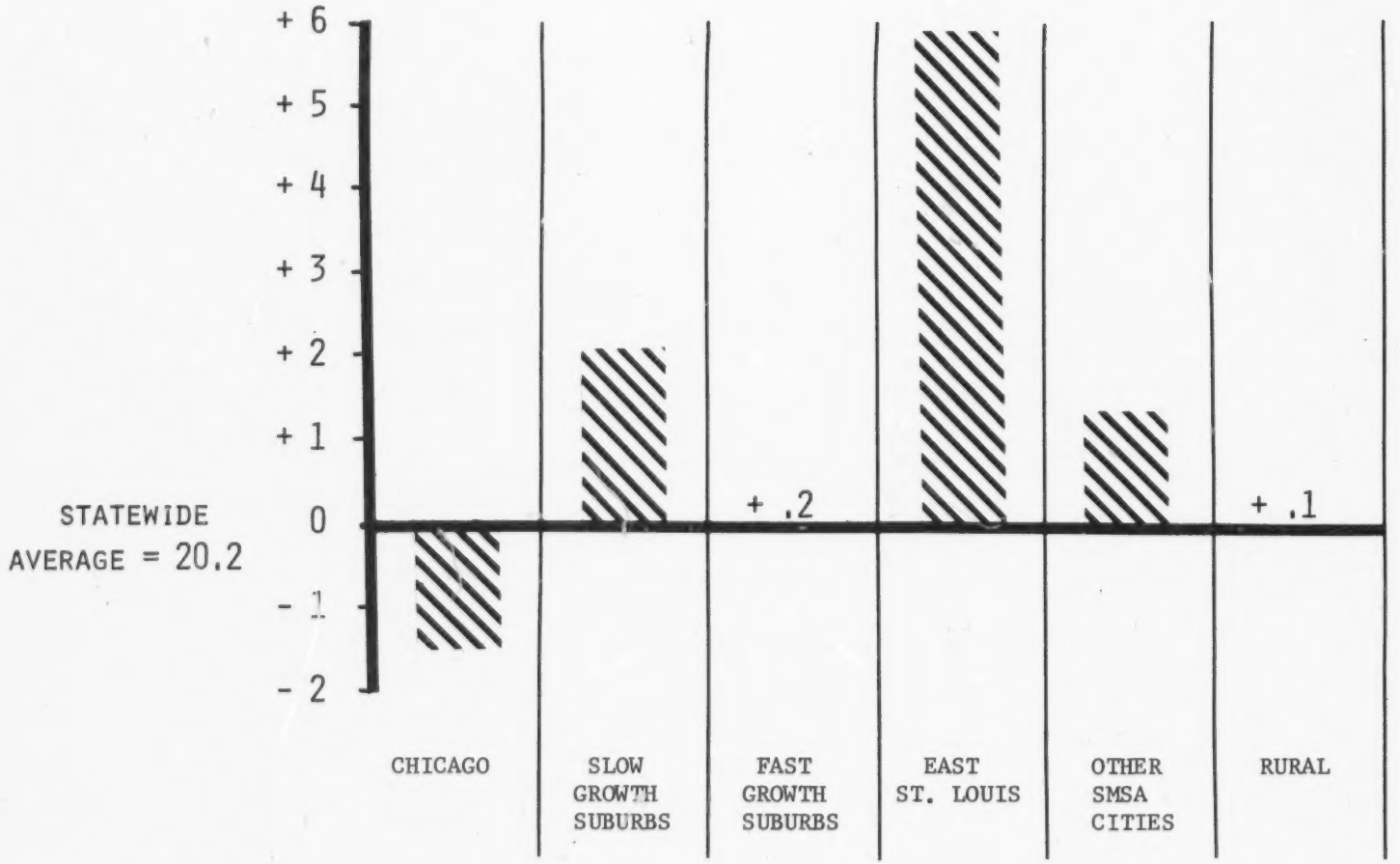
TYPE OF DISTRICT	
Chicago	18.7
Slow Growth Suburbs	22.3
Fast Growth Suburbs	20.4
E. St. Louis	26.1
E. St. Louis Suburbs	22.1
Other SMSA Cities	21.5
Other SMSA Suburbs	21.2
Non-SMSA Cities	21.4
Rural	20.3
STATE AVERAGE	20.2

FIGURE J

PUPIL-TEACHER RATIOS FOR UNIT DISTRICTS

(DEVIATION FROM STATEWIDE AVERAGE)

1970 - 1971



The salary pattern for teachers with M.A. degrees follows that for teachers with B.A. degrees, with the highest salaries being paid by Chicago, the next highest by slow growth suburbs. Again, rural areas had the lowest minimum and maximum salaries for teachers with M.A. degrees.

The salary ranges, by type of district, are shown for 1970-71 in Table 15 and Figure K for unit districts, and for 1971-72 in Table 16.

In fiscal 1972, starting salaries for teachers with B.A. degrees and no experience were the highest in Chicago, $9,072, while salaries in the balance of the state ranged from $7,409 in rural areas to $8,004 in slow growth Chicago suburbs. Among the slow growth suburbs, Elgin has the highest starting salary, $8,200. Maximum salaries for teachers with B.A. degrees are also the highest in Chicago and lowest in rural areas. The difference between Chicago and rural areas in the maximum salaries paid to teachers with B.A. degrees was $4,529, meaning that the gap between the two areas in salaries for these teachers increased by $681 between fiscal 1971 and 1972.

As in fiscal 1971, the salary pattern for teachers with M.A. degrees is the same as that for teachers with B.A. degrees. Starting salaries for teachers with M.A. degrees with no experience are the highest in Chicago, $9,692, followed by slow growth suburbs, $9,002. The highest maximum salaries for teachers with M.A. degrees also are paid by Chicago, $15,477, followed by its slow growth suburbs. None of the suburban districts have maximum salaries as high as Chicago's. Rural areas average only $8,083 for these teachers.

These data indicate that salaries in Chicago, particularly for teachers without advanced degrees, are substantially above the average of its suburban districts. The differential between central city and suburbs in Illinois appears to be greater than that found in other states examined.

TABLE 15

TEACHER SALARY SCHEDULES

UNIT DISTRICTS

1970-71

TYPE OF DISTRICT	Bachelor's Degree Min.	Bachelor's Degree Max.	Master's Degree Min.	Master's Degree Max.	Average Teacher Salary All Teachers
Chicago	$8,400	$13,388	$8,978	$14,333	$10,500
Slow Growth Suburbs	7,671	10,759	8,651	14,091	10,649
Fast Growth Suburbs	7,558	10,590	8,409	12,885	9,016
East St. Louis*	--	--	--	--	--
East St. Louis Suburbs	7,350	10,950	8,150	12,312	10,320
Other SMSA Cities	7,475	11,112	8,695	13,299	10,489
Other SMSA Suburbs	7,235	10,035	8,124	11,669	9,208
Non-SMSA Cities	7,197	10,289	8,096	12,186	9,689
Rural	7,113	9,540	7,735	11,153	8,946
STATE AVERAGE	$7,790	$11,632	$8,496	$13,088	$9,993

*Data for East St. Louis not available.

FIGURE K

SALARY SCALE COMPARISON

UNIT DISTRICTS

1971 - 1972

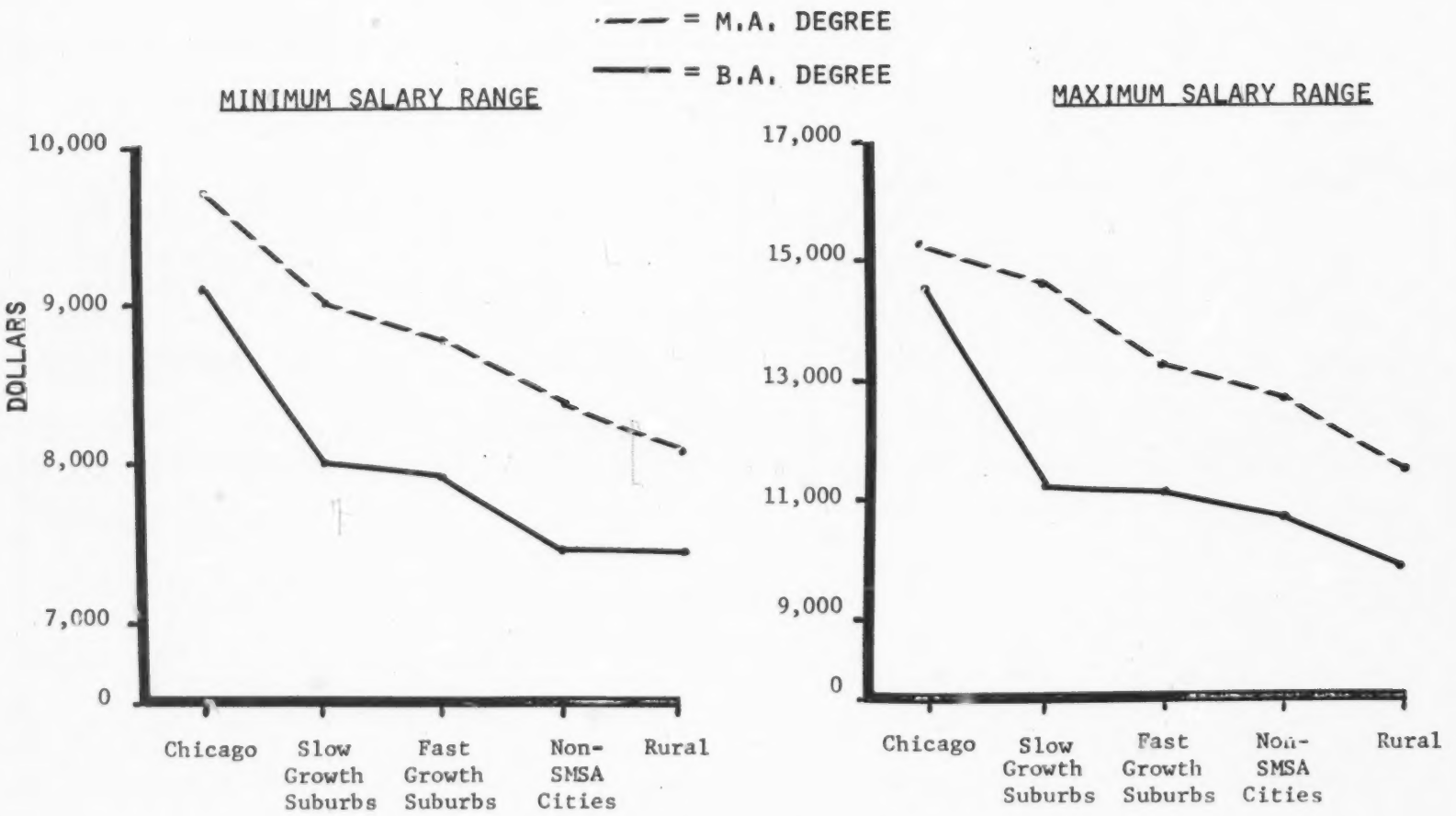


TABLE 16

TEACHER SALARY SCHEDULES

UNIT DISTRICTS

1971-72

TYPE OF DISTRICT	Bachelor's Degree Min.	Bachelor's Degree Max.	Master's Degree Min.	Master's Degree Max.	Average Teacher Salary All Teachers
Chicago	$9,072	$14,459	$9,692	$15,477	$11,340
Slow Growth Suburbs	8,004	11,178	9,002	14,631	11,152
Fast Growth Suburbs	7,922	11,022	8,785	13,351	9,399
East St. Louis*	--	--	--	--	--
East St. Louis Suburbs	7,873	11,646	8,708	13,094	10,846
Other SMSA Cities	7,751	11,492	9,114	13,926	11,133
Other SMSA Suburbs	7,547	10,518	8,486	12,414	9,674
Non-SMSA Cities	7,457	10,729	8,371	12,713	10,200
Rural	7,409	9,930	8,083	11,675	9,387
STATE AVERAGE	$8,268	12,355	$9,024	$13,926	$10,642

*Data for East St. Louis not available.

However, the overall pattern in the state follows that of other states in that the highest salary schedules are in the central cities and slow growth suburbs and the lowest are in rural areas.

AVERAGE SALARIES FOR FISCAL 1971 AND 1972

In fiscal 1971, teacher salaries for unit districts averaged $9,993, increasing to $10,641 in fiscal 1972, 6.5 percent above the previous year's level. Average salaries in Chicago increased by 8 percent to $11,340. The percentage increase in Chicago surpassed all other district categories and, as a result, the gap between average salaries in Chicago and the balance of the state increased.[8]

IMPACT OF SALARIES ON COST DIFFERENTIALS

Having examined a number of factors affecting differences in per pupil expenditures for classroom teachers--an item which accounts for over half the total outlay in the education budget--the effect that quantitative differences in teacher resources has on total expenditure differentials can now be isolated from the effect of price variation (differences among districts in wages paid for teachers with equivalent levels of education and experience). This is done in this study by controlling for the per pupil expenditure differences among districts which are attributable to differences in the proportion of teachers with advanced degrees and seniority, and to differences in pupil-teacher ratios. In this analysis, education and experience levels of teachers as well as pupil-teacher ratios of fast growth suburban

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8. Average salaries for East St. Louis were not available.

and rural districts are adjusted to the level of Chicago.[9] The residual differences in per pupil expenditures are due to salary schedule differences for teachers of equivalent education and experience between Chicago and the selected district categories. (See Appendix D for a detailed discussion of the methodology for this analysis.)

Tables 17 and 18 compare actual per pupil expenditure differences (including quantitative differences in the level of resources as well as price differences) and hypothetical expenditures which assume that differences in teacher characteristics and pupil-teacher ratios have been equalized for Chicago, its fast growth suburbs, and rural districts.

Fast growth suburbs, as shown in Table 17, spent $131 per pupil less for classroom teachers compared to Chicago. When adjustments are made for the differences in pupil-teacher ratios, the total per pupil expenditure differential is reduced by $43. When adjustments are made for differences in education and experience levels of teachers, the total differential is reduced by $60. Thus, of the $131 difference in per pupil expenditures for teachers, $60 is due to differences in levels of resources and $71 is due to differences in salaries. The higher per pupil expenditures for classroom teachers in Chicago than in its fast growth suburbs are due to lower pupil-

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9. For purposes of this phase of the analysis, differences in education and experience levels of teachers are treated as quantitative differences, just as are differences in the number of teachers. However, since the evidence is mixed as to a positive relationship between education and experience of teachers and pupil performance, policy makers should perhaps give greater weight to the fact that, under the present tenure system, districts with higher proportions of experienced teachers can do little to reduce their costs, regardless of whether such teachers make a difference in educational quality.

TABLE 17

COMPARISON OF ACTUAL AND EQUALIZED PER PUPIL CURRENT OPERATING EXPENDITURES

CHICAGO AND FAST GROWTH SUBURBS

1970-71

	Chicago		Fast Growth Suburbs		Chicago/ Fast Growth Suburb Difference
	Actual	Equalized	Actual	Equalized	
CURRENT OPERATING EXPENDITURES	$1,200		$ 901		+$299
Actual Teacher Expenditures	$ 620		$ 489		+$131
(Adjustment for Experience)			(+ 1)	$ 490	+$130
(Adjustment for Advanced Degrees)			(+ 16)	$ 506	+$114
(Adjustment for Pupil-Teacher Ratios)			(+ 43)	$ 549	+$ 71
Equalized Teacher Expenditures				$ 549	+$ 71
Total Non-Classroom Teacher COE*	$ 580		$ 412		+$168
Other Instructional Expenditures	$ 178		$ 132		+$ 46
Non-Instructional Expenditures	$ 272		$ 209		+$ 63
Total Fixed Charges	$ 130		$ 71		+$ 59
EQUALIZED OPERATING EXPENDITURES		$1,200		$ 961	+$239
Less: Federal Funds*		- 130		- 12	+ 118
EQUALIZED STATE-LOCAL OPERATING EXPENDITURES		$1,070		$ 949	+$121

*Actual figures not adjusted for any quantitative differences.

teacher ratios and higher proportions of teachers with seniority and advanced degrees (treated here as differences in levels of resources), as well as higher salaries (price differences) for teachers of equivalent education and experience.

Non-teacher expenditure differences between the two types of districts total $168 per pupil. However, data are not available to permit adjustments for differences in levels of resources. The difference in total current operating expenditures between Chicago and fast growth suburbs is $299 per pupil. Adjustments for teacher characteristics reduces this gap to $239. Since federal revenues, which are concentrated in Chicago, are largely for compensatory rather than equivalent programs, they are excluded in this analysis, thus reducing the gap still further to $121 per pupil.

An analysis of Chicago and rural districts in Illinois, as shown in Table 18, indicates a pattern somewhat similar to that found between Chicago and its fast growth suburbs. Expenditures for classroom teachers are $123 per pupil higher in Chicago. This difference is increased by $17 if adjustments are made for differences in the length of tenure of teachers (since Chicago teachers have less experience than teachers in rural areas). However if rural areas had the same proportion of teachers with advanced degrees and the same pupil-teacher ratios as Chicago, the total gap in expenditures for classroom teachers would be reduced from $123 to $89 per pupil.

Non-teacher expenditures are $151 per pupil higher in Chicago than in rural districts due to higher costs for other instructional items and for fixed charges. Data are not available to permit adjustments for quantitative differences in the level of non-teacher resources.

The total expenditure difference of $274 per pupil between Chicago and rural areas is reduced to $240 if teacher characteristics and pupil-

TABLE 18

COMPARISON OF ACTUAL AND EQUALIZED PER PUPIL CURRENT OPERATING EXPENDITURES

CHICAGO AND ITS RURAL AREAS

1970-71

	Chicago		Rural Districts		Chicago/Rural Difference
	Actual	Equalized	Actual	Equalized	
CURRENT OPERATING EXPENDITURES	$1,200		$ 926		+$274
Actual Teacher Expenditures	$ 620		$ 497		+$123
(Adjustment for Experience)			(- 17)	$ 480	+$140
(Adjustment for Advanced Degrees)			(+ 9)	$ 489	+$131
(Adjustment for Pupil-Teacher Ratios)			(+ 42)	$ 531	+$ 89
Equalized Teacher Expenditures				$ 531	+$ 89
Total Non-Classroom Teacher COE*	$ 580		$ 429		+$151
Other Instructional Expenditures	$ 178		$ 111		+$ 67
Non-Instructional Expenditures	$ 272		$ 245		+$ 27
Total Fixed Charges	$ 130		$ 72		+$ 58
EQUALIZED OPERATING EXPENDITURES		$1,200		$ 960	+$240
Less: Federal Funds*		- 130		- 30	+ 100
EQUALIZED STATE-LOCAL OPERATING EXPENDITURES		$1,070		$ 930	+$140

*Actual figures not adjusted for any quantitative differences.

teacher ratios are made equal. This difference is reduced further to $140 when federal revenues are excluded.

HIGH COST STUDENTS

The varying costs of providing equivalent educational services in different types of unit districts have been examined in detail, thus illustrating the comparative spending power of the educational dollar among school districts. Some districts with concentrations of certain types of students may have an additional fiscal burden beyond that which is required in districts not similarly impacted. This study now turns briefly to the distribution among districts of certain types of students who, according to widely-accepted educational theories, are most in need of additional or compensatory programs and services. This section focuses on the relative proportions among districts of students eligible for Title I funds[10] and of minority students.

Chicago, as Table 19 shows, has the largest share of Title I students among the unit districts in the state, 65.4 percent. Rural districts contain 13.9 percent of the state's Title I students. However, as a proportion of district ADA, the East St. Louis district has a higher share of Title I students than any other unit district in the state--nearly 89 percent of that district's ADA are Title I students. Chicago has the next highest share of Title I students as a proportion of its total ADA with 43 percent

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10. These students are identified as those from families with an annual income below $2,000 according to the 1960 census or from families with an annual income above $2,000 who receive Aid to Families with Dependent Children (AFDC) under Title IV of the Social Security Act, in accordance with the case load data for January of the preceding fiscal year.

TABLE 19

TITLE I STUDENTS AS PERCENT OF ADA

UNIT DISTRICTS

1970-71

TYPE OF DISTRICT	No. of Title I Students*	Percent Title I Students of District ADA	Percent District Title I Students of Total State Title I
Chicago	209,146	43.3%	65.4%
Slow Growth Suburbs	3,612	5.4	1.1
Fast Growth Suburbs	1,620	4.4	0.5
E. St. Louis	15,886	88.7	5.0
E. St. Louis Suburbs	9,787	14.3	3.1
Other SMSA Cities	21,148	13.9	6.6
Other SMSA Suburbs	6,083	7.7	1.9
Non-SMSA Cities	7,980	12.9	2.5
Rural	44,467	16.0	13.9
STATE AVERAGE	319,729	25.7%	100.0%

*Number of students who are eligible for federal Title I funds.

of Chicago's students being eligible for Title I funds. By contrast, the average percentage in the slow growth suburbs of Chicago is 5.4 percent and in the fast growth suburbs only 4.4 percent.

Minority students are also concentrated in Chicago and East St. Louis, as shown in Table 20. Although 29.9 percent of all unit district students in the state are minority students, 78.3 percent of East St. Louis' students are minority, as are 64.5 percent of Chicago's students. In the slow growth suburbs of Chicago, 13.1 percent of the students are minority, but in the fast growth suburbs, only 2.4 percent are minority. This follows the pattern of metropolitan areas in other states where there is a large gap in the proportion of minority students between the central cities and their suburbs. Other SMSA city districts in Illinois have a minority student population that is 12.5 percent of total ADA, while 1.1 percent of the students in other SMSA suburbs are minority. Rural areas also have few minority students, amounting to only 1.8 percent of their total ADA.

SUMMARY OF EXPENDITURE ANALYSIS

When compared to other categories of districts, Chicago has the highest per pupil expenditure for current operating costs. The major factor in explaining expenditure differentials among districts is the level of instructional costs.

Per pupil expenditures for classroom teachers comprise 52.9 percent of the total education budget. This expenditure is analyzed for varying levels of teacher education and experience and differences in pupil-teacher ratios. This analysis shows that both resource differences and price differences for

TABLE 20

MINORITY STUDENTS AS PERCENT OF ADA

UNIT DISTRICTS

1970-71

TYPE OF DISTRICT	Percent Minority Students of District ADA	Percent Minority Students of Total State Minority
Chicago	64.6%	83.6%
Slow Growth Suburbs	13.1	2.4
Fast Growth Suburbs	2.4	0.2
E. St. Louis	78.4	3.8
E. St. Louis Suburbs	9.7	1.8
Other SMSA Cities	12.5	5.1
Other SMSA Suburbs	1.1	0.2
Non-SMSA Cities	9.6	1.6
Rural	1.8	1.3
STATE AVERAGE	30.0%	100.0%

equivalent resources are significant factors in explaining expenditure differences between Chicago and its fast growth suburbs as well as between Chicago and rural school districts.

V. AN ANALYSIS OF SELECTED HYPOTHETICAL ALTERNATIVES

A precise understanding of a state's current system for financing education, how it contributes to disparities among districts, the nature of the disparities, and the populations affected by them is an essential prior step to the development of alternative approaches to financing education. This study of Illinois, therefore, provides a detailed analysis of the disparities in per pupil revenues and expenditures within the state, including an analysis of disparities in levels of educational services as well as absolute dollar disparities. Since an understanding of the differing proportions of household income which various income groups contribute for the support of public education is needed before developing alternative revenue sources, this study also includes a tax burden analysis.

While the primary focus of this study is on the impact of the present system, a few hypothetical alternatives are briefly examined to determine their potential impact on different types of districts.

FULL STATE FUNDING

Full state funding of education eliminates district wealth as a factor in the level of education spending since the state fully assumes all education costs, rather than sharing them with local districts. Although this alternative is not now being actively considered in Illinois, it is useful to examine the shifts in expenditures that would take place under two possible approaches.

The first approach assumes that there will be no increase in total non-federal outlays for education.[1] Under this assumption, a major redistribution of education revenue would occur. Funds would flow from Chicago, and to a lesser extent, from the other SMSA city school districts, to the balance of the state. Thus, Chicago would lose $88 per pupil and other SMSA cities an average of $8 per pupil, while all but five Chicago suburban districts would have their per pupil revenues increased. East St. Louis would receive an additional $23 per pupil. Although the average increase in the East St. Louis suburban category would be $56 per pupil, four of the districts within that category would experience a reduction in funds. Rural districts would receive an additional $87 per pupil on the average. However, within the rural category, a number of districts would have expenditure reductions. Loss or gain in dollars per pupil for selected district categories is shown in Figure L.

The reduction in per pupil revenues is greater in Chicago than in any other category of district. Since a major cause of present differences in per pupil expenditures between Chicago and the balance of the state are average teacher salaries, Chicago would have to reduce its teaching staff, and thereby substantially increase its pupil-teacher ratio.

In order to prevent the drastic shifts outlined above, a second approach to full state funding is to raise every district's per pupil expenditure level to the level of Chicago--$1,070 per pupil excluding federal funds. All categories of districts would gain from this approach. However, some individual districts within categories would have to reduce their expenditures sharply. This includes Venice, a suburb of East St. Louis, which

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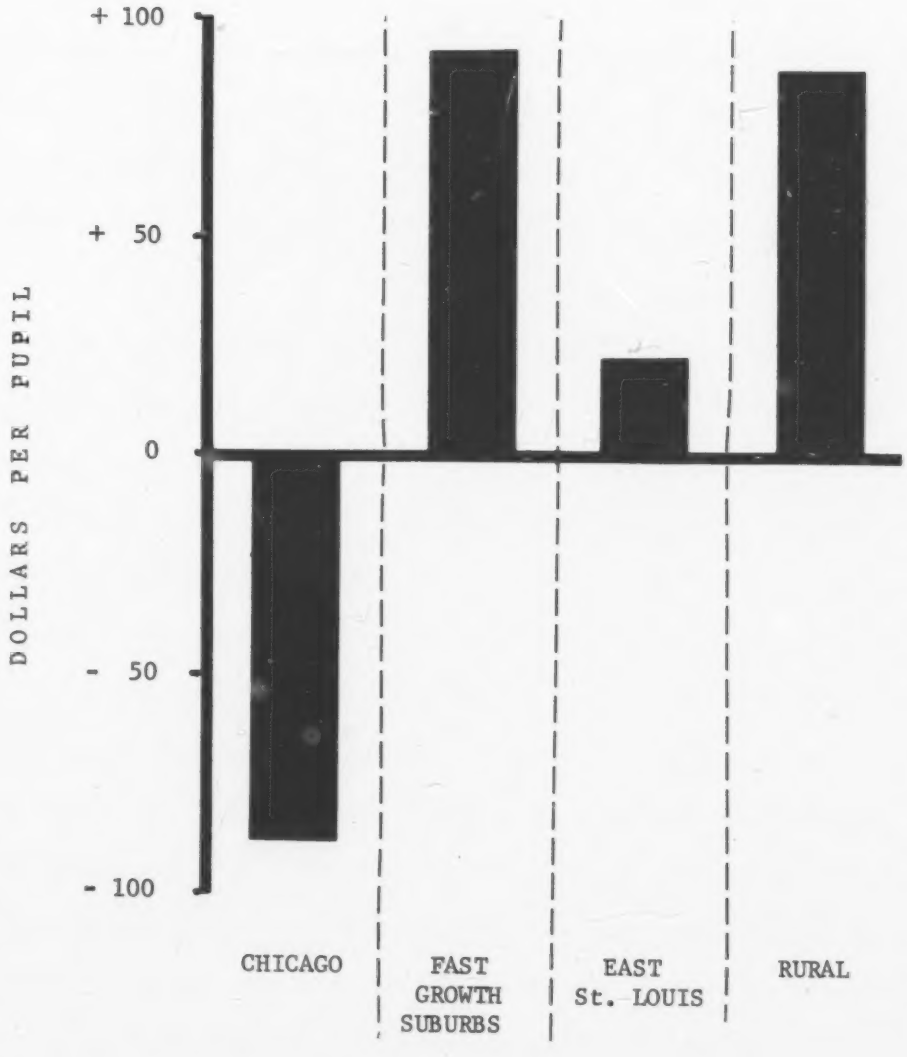
1. It is assumed that federal school funding would continue without change.

FIGURE L

LOSS OR GAIN UNDER
FULL STATE FUNDING ALTERNATIVE*
UNIT DISTRICTS

1970-71



*Analysis assumes no additional revenues.

would lose $603 per pupil and some rural districts such as Stockland, which would have its funds reduced by $591 per pupil. The average unit district in the state, however, would increase its revenues by $88 per pupil. Fast growth suburbs of Chicago and the suburbs of the other SMSA cities would receive an average increase of $181 per pupil and rural districts, $175 per pupil. This approach, while protecting the high expenditure level of Chicago, would provide a substantial amount of money to districts where the actual cost of services may not require such large amounts of new revenue. (For example, the differences in per pupil expenditures between Chicago and rural areas are largely due to differences in teacher salaries, which are at least in part related to cost-of-living differences).

Both of these alternatives, by considering only an equal dollar per pupil distribution formula, are overly simplistic. This approach takes no account of cost differences among districts for the same educational service nor does it recognize that some children require more educational services than others. To avoid this oversimplified approach of equal dollars per pupil, funds could be distributed according to a weighted pupil formula, which would recognize the fact that certain students require extra educational services. For example, a disadvantaged student might be counted as one and one-half students and a vocational student as two students for purposes of distributing funds. To take account of the cost differences among districts for the same educational service, a statewide salary schedule could be used which would reflect differences in the proportion of teachers with high education and experience levels and which could be adjusted to account for regional cost-of-living differences within the state.

Going one step further, an actual cost-of-education index could be developed and applied to the aid distribution formula.[2]

Since reliance on the local property tax is discontinued under any approach to full state funding, alternative revenue sources must be found. This study shows the impact on unit districts of using a statewide property tax to replace the money now collected from the local property tax for operating expenditures. The assumed statewide property tax used in the analysis is the average (weighted) unit district tax rate for operating expenditures. This tax rate should yield for unit districts approximately the same total amount of local revenues generated from the fiscal 1970 assessed tax base.

The tax rate for Chicago and non-SMSA cities would not change. Tax rates would be lower for all other district categories except that of other SMSA suburban districts and rural districts. In these districts, tax rates would be more than five percent higher than at present. (Figure M shows, for selected district categories, the change in tax rates that would occur if a statewide property tax of $2.26 per $100 assessed value of property were imposed.) There is considerable variation in the impact of such a change within certain district categories, however. For example, the tax rate in the Chicago suburb of Waukegan would increase by $.78, while Lake Zurich, also a Chicago suburb, would experience a tax decrease of $.80. Among rural districts, Monticello would have its tax rate increased by $1.42 while Eldorado would decrease its tax rate by $.72.

A statewide property tax for education would eliminate the advantages that certain districts now have because of their high proportion of commercial

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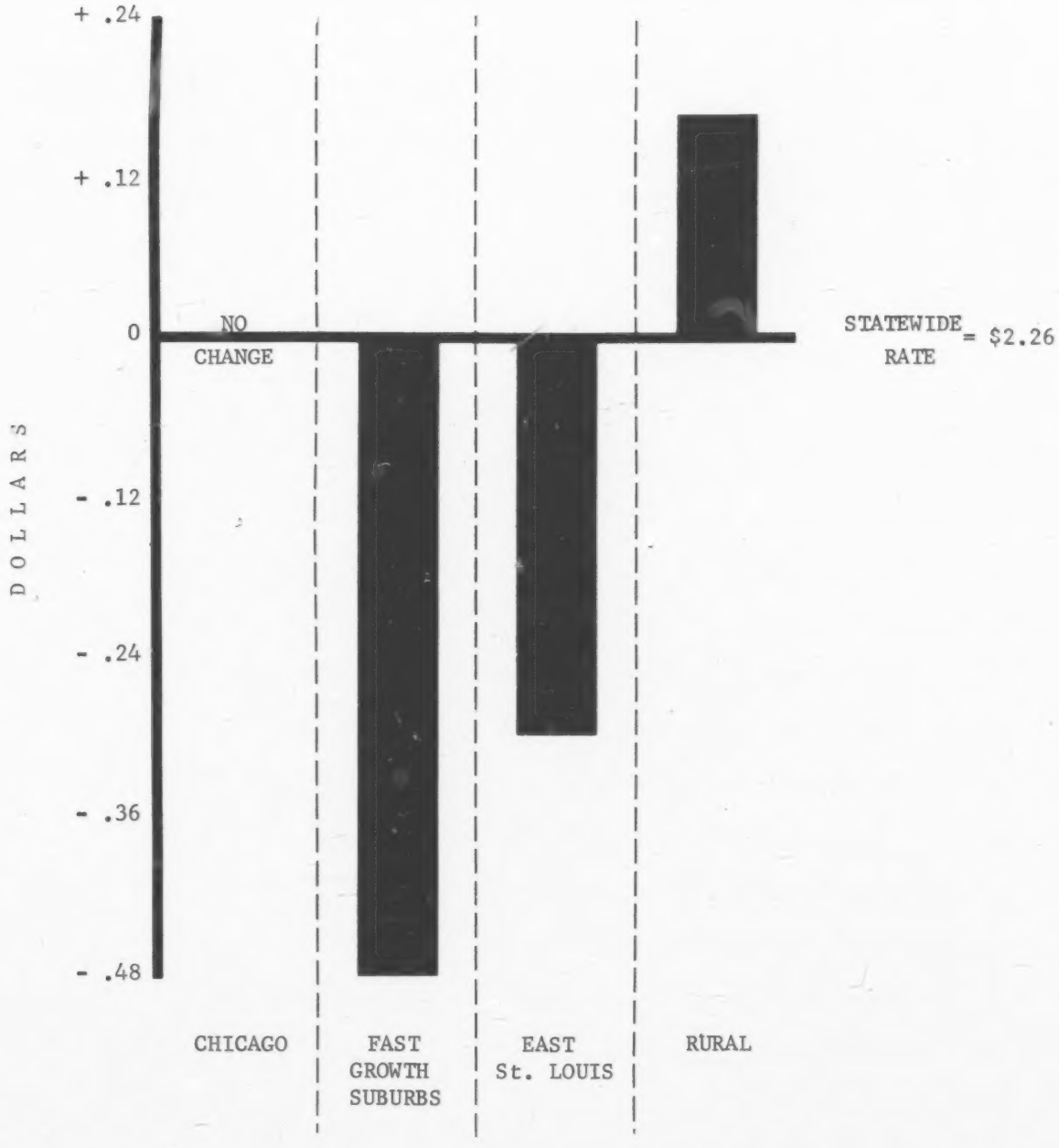
2. See B. Levin, et al., The High Cost..., pp. 71-72.

FIGURE M

IMPACT OF STATEWIDE PROPERTY TAX ALTERNATIVE
ON PRESENT TAX RATES



and industrial property. In this sense, wealth that is concentrated in a few districts would be shared equally throughout the state. However, imposition of equal tax rates throughout the state will not equalize the local tax burden--the share of income each household contributes through the property tax. A statewide property tax, unless it includes exemptions for low income groups, would continue to be a regressive tax.

TASK FORCE ALTERNATIVE

Presently under discussion in Illinois is an alternative financing scheme initially suggested by the Governor's Finance Task Force.[3] Under this proposal, a $3.00 property tax rate would be imposed on all unit school districts for current operating expenditures. The state would then guarantee payment to the district of the difference between what could be raised on a $42,000 per weighted pupil assessed property tax base and the amount the district can raise with its actual property base.[4] The guaranteed level of expenditure would be $1,260 per pupil for all school districts. Those districts which had a property base in excess of $42,000 would receive no state revenues,[5] but they could keep any excess funds above $1,260 resulting from the application of the $3.00 tax rate to their property base.

---

3. Governor's Commission on Schools, A New Design . . . .

4. The Task Force report proposes that the value of $42,000 per weighted pupil be used as the base. For kindergarten through grade 8, weighted average daily membership (WADM) would be used, while for grades 9 through 12, weighted average daily attendance (WADA) would be used. This study, however, analyzes the proposal on the basis of $42,000 per ADA rather than the above weighting scheme.

5. However, a minimum or flat grant payment, regardless of property wealth, has also been proposed.

Looking first at the impact on current tax rates, average property tax rates for unit districts would increase by 32.7 percent using the $3.00 proposed rate over current (fiscal 1970) rates. The greatest increases would be in rural areas, averaging 42.8 percent, since their tax rates are now relatively low on the average. Fast growth suburbs, on the other hand, would only have a 9.5 percent increase.

Within categories of districts, however, some individual districts would experience a decrease in tax rates. In fiscal 1970, one slow growth suburb (Lake Zurich), two fast growth suburbs (Batavia and St. Charles), and one other SMSA suburban district (DeKalb), exceeded slightly the $3.00 property tax being proposed. These districts would therefore reduce their tax rates to $3.00 under this alternative. Since none of these districts, with the exception of DeKalb, is at present spending as much as $1,260 per pupil of non-federal revenue, these districts would obviously benefit doubly (in terms of reduced tax rates and increased expenditure levels) under this plan.[6]

An examination of the impact of this alternative on levels of state aid indicates, first, that since the following districts exceed $42,000 per ADA in assessed property value--Venice (a suburb of East St. Louis), Broadlands, Octavia, Illini Bluffs (other SMSA suburbs), and 22 rural school districts--they would receive no state aid.

As Table 21 shows, state aid would increase in amount by 33.7 percent compared to fiscal 1971. Local revenues would increase by nearly the same

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6. For example, St. Charles would increase its non-federal expenditure level by 31.4 percent over its 1970-71 level.

TABLE 21

IMPACT OF TASK FORCE ALTERNATIVE: EQUAL DOLLAR PER PUPIL GUARANTEE*

UNIT DISTRICTS
Fiscal 1971

TYPE OF DISTRICT	PER PUPIL LOCAL REVENUES			PER PUPIL STATE REVENUES		
	Revenues Using Fiscal 1970 Property Tax Rate[1]	Revenues Using Task Force Property Tax Rate ($3.00)[2]	Percent Increase in Tax Rate	Total State Aid Fiscal 1971	State Aid $1,260 Guarantee[3]	Percent Increase in State Aid
Chicago	$569	$756	32.7%	$437	$504	15.3%
Fast Growth Suburbs[4]	452	494	9.5	480	766	59.6
East St. Louis	339	399	17.2	634	861	35.8
East St. Louis Suburbs	381	476	25.0	491	784	59.7
Other SMSA Cities	536	688	27.3	428	572	33.6
Other SMSA Suburbs	522	736	39.2	374	524	40.1
Non-SMSA Cities	479	639	32.7	413	621	50.3
Rural	483	696	42.8	402	564	40.3
STATE AVERAGE	$517	$685	32.7%	$430	$57	33.7%

* The projected shift in state and local revenues by type of district is based on assumption proposal guaranteeing $1,260 per pupil was in effect in fiscal 1971.

1. Fiscal 1970 assessed property base times fiscal 1970 operating tax rate divided by unweighted ADA.

2. Local revenues per pupil raised by applying $3.00 tax rate to fiscal 1970 assessed tax base.

3. This column was derived by determining difference between local revenues generated from the $3.00 tax rate and the $1,260 guarantee.

4. Slow growth suburbs of Chicago excluded except in computing state averages.

amount, 32.5 percent. Thus, the state share of total non-federal revenues for all unit districts, as discussed below, does not change.

It is important to note that while, overall, state revenues increase by 33.7 percent, the percentage increase varies substantially among categories of districts. The greatest increase would be in fast growth suburban districts, 59.6 percent, and in East St. Louis suburbs, 59.7 percent. Chicago, however, would have an increase of only 15.3 percent over its fiscal 1971 level of state aid, well below that for any other category of district.

Table 21 compares local and state per pupil revenues in fiscal 1971 to what they would have been if the Task Force proposal (as modified in this analysis) had been in existence at that time.[7] The major usefulness of the table, in view of increased per pupil expenditures subsequent to fiscal 1971, is the relative change in funding by type of district.

Figure N shows the change in the proportions of state and local revenues for selected categories of districts that would occur under the Task Force proposal based on $1,260 per unweighted ADA. For all unit districts, the state share in fiscal 1971 was 45.4 percent and the local share from property taxes was 54.6 percent. Under the Task Force proposal, there would be almost no change. The state share would be 45.6 percent and the local share would drop slightly to 54.4 percent. However, there would be substantial shifts in the share of state aid among district categories. In both Chicago and

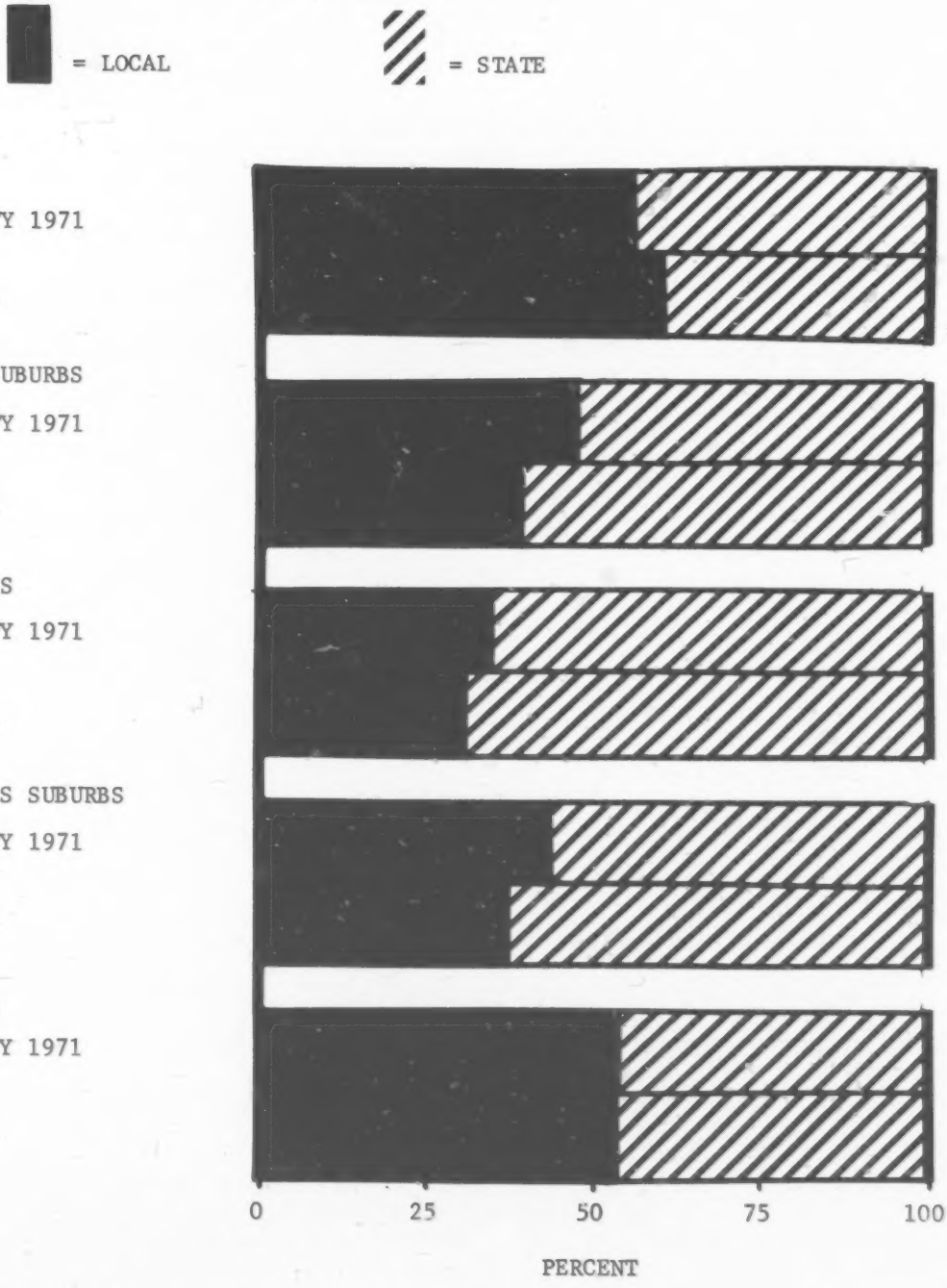
---

7. The Task Force report proposal, if adopted, would not be implemented until fiscal 1974. Thus, expenditures would increase substantially over fiscal 1971 levels. In addition, the Task Force also recommends weighting by grade level, which would increase the amount of state aid.

FIGURE N

STATE SHARE OF TOTAL EDUCATION REVENUES*

Actual and Task Force Proposal Compared
(in percents)



*Federal funds and non-property tax local revenues excluded.

rural districts, the percentage that state aid comprises of total non-federal education funds would decrease. On the other hand, the state would contribute a greater proportion of education revenue than under the present system in the fast growtn suburbs of Chicago, the city of East St. Louis, and East St. Louis suburbs. With the exception of fast growth suburbs, however, the shift would not be significant.

The proposal discussed above, which guarantees each district $1,260 per pupil, does not take into account the additional funds that school districts with large numbers of disadvantaged students might require. For this reason, the State of Illinois is considering a formula which would provide additional funds to districts with Title I students as one possibility. Each Title I student would be weighted by an amount based on the ratio of the district's percentage of Title I students relative to the state average. The formula under consideration is as follows:

$$\text{Title I Weighting} = .375 \left[\frac{\text{Percent Title I Students in District}}{\text{Percent Title I Students in State}}\right]$$

Thus, if in a particular district the percent of Title I students of total district enrollment is equal to the state average, each Title I student in that district would be counted 1.375. In a district with twice as many Title I students compared to the state, each Title I student would be counted as 1.75 in the state aid formula. It should be noted that there are no requirements for spending these additional funds on Title I students. This approach merely ensures that districts impacted with a large concentration of disadvantaged students receive additional funds.[8]

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8. To determine the level of state aid to which a particular district is entitled under the Title I weighting, the total number of Title I weighted students in the district is added to the unweighted (non-Title I) students in the district. This total number of students is multiplied by the basic grant of $1,260. The resulting value is the total per pupil guarantee for the district. The local share (determined by the amount raised per pupil through the application of the $3.00 tax rate to the district's assessed tax base) is subtracted from the total guarantee, and the difference is the state share.

The impact of the weighting scheme is considerable. For example, Chicago would receive $1,603 per pupil, $343 more than if Title I students were not weighted. By contrast, the fast growth suburbs of Chicago would receive an average of only $3 more per pupil using this approach.

A more extreme example than Chicago is East St. Louis, where 88.7 percent of all students are Title I recipients. East St. Louis would therefore receive $2,702 per pupil, $1,442 more than under the proposal guaranteeing $1,260 per pupil to all districts regardless of their percentage of disadvantaged students.

Because of this extreme effect, the state has considered limiting the Title I weighting to a maximum of 1.75. Applying this maximum value, East St. Louis would receive only an additional $838 per pupil above the $1,260 guarantee or a total of $2,098 per pupil.[9]

Figure O shows, for selected categories of districts, the effect of the equal dollar per pupil guarantee of $1,260, and of the additional Title I weighting using the maximum of 1.75.

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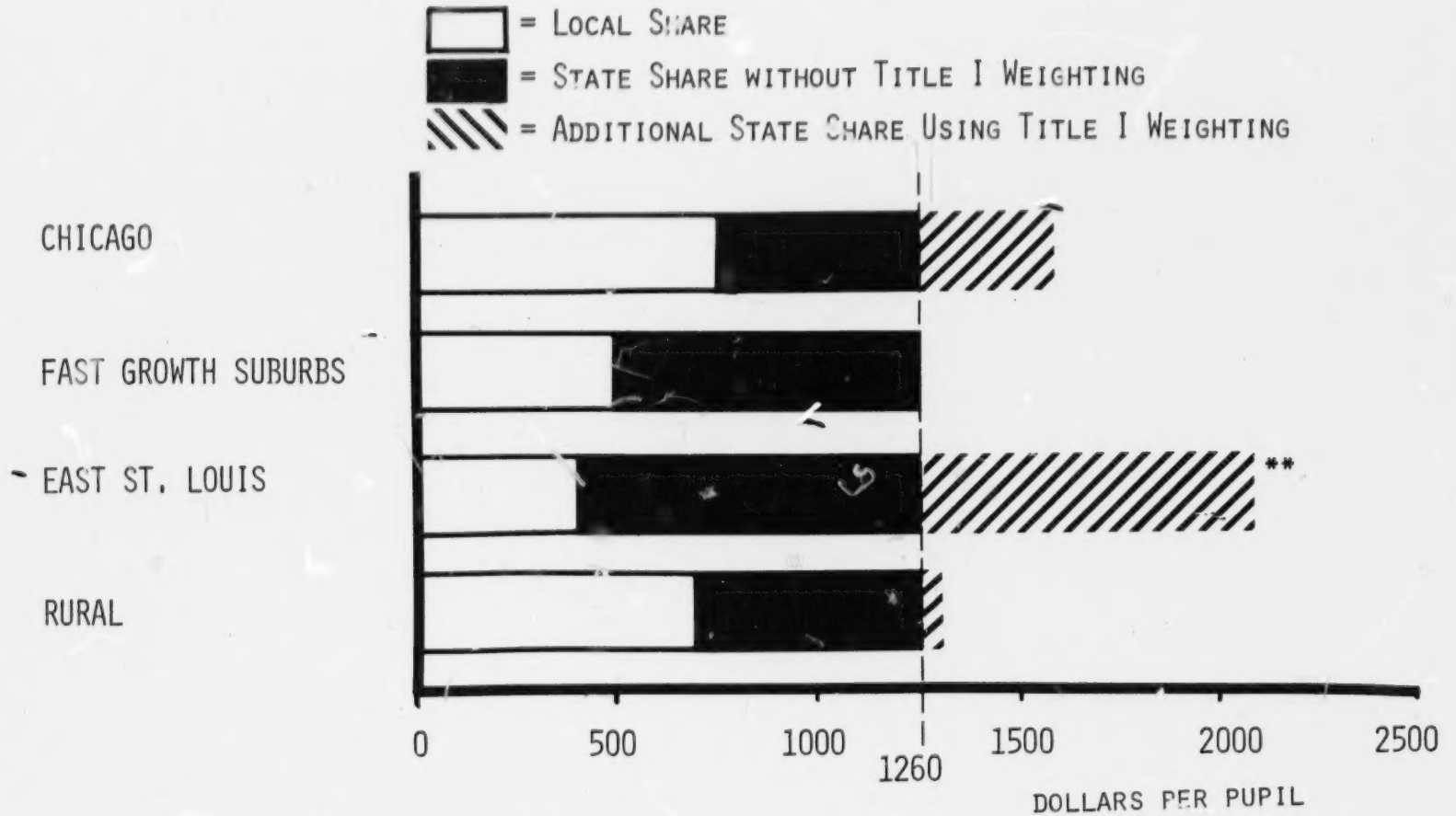
9. The Venice school district presents an interesting situation under this formula. Although the district has very high property values, 56.2 percent of the students in that district are eligible for Title I. Thus, without imposition of the maximum, each Title I student would be weighted 1.81. However, because of its high property tax base, application of the $3.00 tax rate would generate enough local revenue so that Venice would receive only $117 per pupil from the state. If the maximum 1.75 weighting is used, Venice would receive only $76 per pupil from the state, only half the amount of state aid the district received in fiscal 1971. (Presumably, the $154 per pupil which Venice received from the state in fiscal 1971 includes the $48 flat grant and $106 for categorical programs since the district is not entitled to foundation aid.)

FIGURE O

TASK FORCE PROPOSAL*



* $1,260 state guarantee with $3 local property tax rate.

** Assumes maximum weight of 1.75 for Title I students. Without setting maximum, East St. Louis would have a total of $2,702 per pupil.

SUMMARY OF ALTERNATIVES ANALYSIS

Two alternative methods of financing public schools, full state funding and a proposal which guarantees $1,260 per pupil with a required tax rate of $3.00, are examined. The impact of supplementing this latter proposal with a weighting factor for Title I students is also analyzed.

The full state funding alternative is analyzed first on the assumption that there would be no increases in outlays for education. The result would be a significant redistribution in education revenues among unit districts. Chicago and other SMSA city districts would lose education funds and the balance of the state would gain funds. In a second approach, full state funding is analyzed on the assumption that all categories of districts are raised to the expenditure level of Chicago. The impact of a uniform statewide property tax which would raise the same amount of revenues now raised through the local property tax is also examined.

Under the Finance Task Force proposal, state aid would increase by 33.7 percent over fiscal 1971 with the greatest increases occurring in the fast growth suburban districts of Chicago and in the East St. Louis suburbs. Local revenues would increase by 32.5 percent. When the per pupil grant is weighted by the ratio of a district's Title I students to the statewide average, East St. Louis receives substantial amounts of additional funds.

APPENDIX A

ELEMENTARY SCHOOL DISTRICTS

LIST OF TABLES

A-1. Analysis Groupings: Elementary School Districts 90

A-2. Per Pupil Property Values and Property Tax Rates for Education 91

A-3. Total Revenues by Source of Funding in Dollars Per Pupil 92

A-4. Per Pupil Expenditure Differentials by Function 93

A-5. Expenditures by Function: Percent of Total COE 94

A-6. Expenditures for Instructional Items in Dollars Per Pupil 95

A-7. Expenditures for Instructional Items: Percent of Total Instruction 96

A-8. Expenditures for Non-Instructional Items in Dollars Per Pupil 97

A-9. Expenditures for Non-Instructional Items: Percent of Total Non-Instruction 98

A-10. Expenditures for Fixed Charges in Dollars Per Pupil 99

A-11. Expenditures for Fixed Charges: Percent of Total Fixed Charges 100

A-12. Average Years Experience 101

A-13. Average Education Level of Teachers 102

A-14. Pupil-Teacher Ratios 103

A-15. Teacher Salary Schedules 104

A-16. Title I Students as Percent of ADA 105

A-17. Minority Students as Percent of ADA 106

TABLE A-1

ANALYSIS GROUPINGS: ELEMENTARY SCHOOL DISTRICTS

1970-71

Type of District	No. of Districts	% of Total ADA
Chicago Suburbs	234	77.1%
East St. Louis Suburbs	19	2.7
Other SMSA Suburbs	56	6.1
Non-SMSA Cities	32	3.5
Rural & Cities Under 10,000	242	10.6

TABLE A-2

PER PUPIL PROPERTY VALUES AND PROPERTY TAX RATES FOR EDUCATION

ELEMENTARY DISTRICTS

1969-70

TYPE OF DISTRICT	Assessed Per Pupil Property Values	Operating Tax Rates*	Capital Outlay Tax Rates*	Total Tax Rates for Schools*
Chicago Suburbs	$28,524	$1.82	$0.56	$2.38
E. St. Louis Suburbs	27,324	1.39	0.35	1.74
Other SMSA Suburbs	23,655	1.31	0.35	1.66
Non-SMSA Cities	26,576	1.38	0.45	1.83
Rural	31,481	1.29	0.35	1.64
STATE AVERAGE	$28,456	$1.72	$0.50	$2.22

*Per $100 assessed value of property.

TABLE A-3

TOTAL REVENUES BY SOURCE OF FUNDING IN DOLLARS PER PUPIL

ELEMENTARY DISTRICTS

1970-71

TYPE OF DISTRICT	Local Revenues*	State Revenues	Federal Revenues	TOTAL REVENUES
Chicago Suburbs	$ 558	$ 353	$ 14	$ 925
E. St. Louis Suburbs	456	343	41	840
Other SMSA Suburbs	367	369	53	789
Non-SMSA Cities	424	355	44	823
Rural	474	324	29	827
STATE AVERAGE	$ 529	$ 350	$ 20	$ 899

*Local revenues are computed by multiplying fiscal 1970 tax rates by that year's assessed per pupil property base.

TABLE A-4

PER PUPIL EXPENDITURE DIFFERENTIALS BY FUNCTION

	ELEMENTARY DISTRICTS 1970-71					
	Chicago Suburbs	East St. Louis Suburbs	Other SMSA Suburbs	Non-SMSA Cities	Rural	TOTAL STATE AVERAGE
Total Instructional	$ 631	$ 554	$ 507	$ 554	$ 507	$ 606
Total Non-Instructional	196	223	190	195	230	200
Total Fixed Charges	70	66	58	65	61	68
TOTAL CURRENT OPERATING EXPENDITURES	$ 897	$ 843	$ 755	$ 815	$ 798	$ 873

TABLE A-5

EXPENDITURES BY FUNCTION: PERCENT OF TOTAL COE

	ELEMENTARY DISTRICTS 1970-71					
	Chicago Suburbs	East St. Louis Suburbs	Other SMSA Suburbs	Non-SMSA Cities	Rural	TOTAL STATE AVERAGE
Total Instructional	70.3%	65.7%	67.2%	68.1%	63.6%	69.3%
Total Non-Instructional	21.9	26.5	25.2	23.9	28.8	22.9
Total Fixed Charges	7.8	7.8	7.6	8.0	7.6	7.8
TOTAL CURRENT OPERATING EXPENDITURES	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

TABLE A-6

EXPENDITURES FOR INSTRUCTIONAL ITEMS IN DOLLARS PER PUPIL

	ELEMENTARY DISTRICTS 1970-71					
	Chicago Suburbs	East St. Louis Suburbs	Other SMSA Suburbs	Non-SMSA Cities	Rural	TOTAL STATE AVERAGE
TOTAL INSTRUCTIONAL	$631	$554	$507	$554	$507	$606
Principals	47	32	28	28	22	42
Classroom Teachers	500	455	423	470	437	486
Other Instructional Staff	24	13	11	8	7	20
Other Instructional Exps.	61	54	44	48	42	57

TABLE A-7

EXPENDITURES FOR INSTRUCTIONAL ITEMS: PERCENT OF TOTAL INSTRUCTION

	ELEMENTARY DISTRICTS 1970-71					
	Chicago Suburbs	East St. Louis Suburbs	Other SMSA Suburbs	Non-SMSA Cities	Rural	TOTAL STATE AVERAGE
TOTAL INSTRUCTIONAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Principals	7.5	5.8	5.5	5.1	4.3	6.9
Classroom Teachers	79.2	82.1	83.4	84.8	86.1	80.3
Other Instructional Staff	3.7	2.4	2.3	1.4	1.4	3.3
Other Instructional Exps.	9.6	9.7	8.8	8.7	8.2	9.5

TABLE A-8

EXPENDITURES FOR NON-INSTRUCTIONAL ITEMS IN DOLLARS PER PUPIL

	ELEMENTARY DISTRICTS 1970-71					
	Chicago Suburbs	East St. Louis Suburbs	Other SMSA Suburbs	Non-SMSA Cities	Rural	TOTAL STATE AVERAGE
TOTAL NON-INSTRUCTIONAL	$196	$223	$190	$195	$230	$200
Administration	44	55	43	39	46	45
Transportation	23	22	18	24	39	25
Plant Operation	81	75	63	68	66	78
Plant Maintenance	19	14	13	14	15	18
Other Non-Instructional	29	56	53	50	64	34

TABLE A-9

EXPENDITURES FOR NON-INSTRUCTIONAL ITEMS: PERCENT OF TOTAL NON-INSTRUCTION

	ELEMENTARY DISTRICTS 1970-71					
	Chicago Suburbs	East St. Louis Suburbs	Other SMSA Suburbs	Non-SMSA Cities	Rural	TOTAL STATE AVERAGE
TOTAL NON-INSTRUCTIONAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Administration	22.5	24.8	22.6	20.0	20.0	22.5
Transportation	11.7	9.9	9.5	12.3	17.0	12.5
Plant Operation	41.3	33.8	33.2	34.9	28.7	39.0
Plant Maintenance	9.7	6.3	6.8	7.2	6.5	9.0
Other Non-Instructional	14.8	25.2	27.9	25.6	27.8	17.0

TABLE A-10

EXPENDITURES FOR FIXED CHARGES IN DOLLARS PER PUPIL

	ELEMENTARY DISTRICTS 1970-71					
	Chicago Suburbs	East St. Louis Suburbs	Other SMSA Suburbs	Non-SMSA Cities	Rural	TOTAL STATE AVERAGE
TOTAL FIXED CHARGES	$70	$66	$58	$65	$61	$68
Certified Employee Retirement	42	41	36	41	38	41
Non-Certified Employee Retirement	12	13	9	11	10	11
Other	16	12	13	13	13	16

TABLE A-11

EXPENDITURES FOR FIXED CHARGES: PERCENT OF TOTAL FIXED CHARGES

	ELEMENTARY DISTRICTS 1970-71					
	Chicago Suburbs	East St. Louis Suburbs	Other SMSA Suburbs	Non-SMSA Cities	Rural	TOTAL STATE AVERAGE
TOTAL FIXED CHARGES	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Certified Employee Retirement	60.0	62.1	62.1	63.1	62.3	60.3
Non-Certified Employee Retirement	17.1	19.7	15.5	16.9	16.4	16.2
Other	22.9	18.2	22.4	20.0	21.3	23.5

TABLE A-12

AVERAGE YEARS EXPERIENCE

ELEMENTARY DISTRICTS

1970-71

TYPE OF DISTRICT	Teachers With No Degrees	Teachers With B.A. Degrees	Teachers With M.A. Degrees	Teachers With Ph.D. Degrees	Average Experience All Teachers
Chicago Suburbs	16.9 yrs.	6.6 yrs.	13.1 yrs.	14.8 yrs.	7.7 yrs.
E. St. Louis Suburbs	18.8	9.1	15.3	*	10.3
Other SMSA Suburbs	20.4	8.5	15.4	1.5	10.4
Non-SMSA Suburbs	22.2	9.8	18.5	*	12.5
Rural	22.7	9.5	16.2	26.0	12.5
STATE AVERAGE	20.7	7.1	13.7	16.8	8.6

*Less than .05 percent of the teachers in these districts have Ph.D. degrees.

TABLE A-13

AVERAGE EDUCATION LEVEL OF TEACHERS

ELEMENTARY DISTRICTS

1970-71

TYPE OF DISTRICT	Percentage of Teachers With No Degree	Percentage of Teachers With B.A. Degree	Percentage of Teachers With M.A. Degree	Percentage of Teachers With Ph.D. Degree
Chicago Suburbs	1.2%	84.1%	14.6%	.01%
East St. Louis Suburbs	4.4	83.5	12.1	*
Other SMSA Suburbs	9.2	78.8	12.0	*
Non-SMSA Cities	8.8	73.7	17.5	*
Rural	17.7	72.4	9.8	**
STATE AVERAGE	3.7	82.2	14.0	.01

*No teachers with Ph.D. degrees in these districts.
**Less than .05 percent of the teachers in these districts have Ph.D. degrees.

TABLE A-14

PUPIL-TEACHER RATIOS

ELEMENTARY DISTRICTS

1970-71

TYPE OF DISTRICT	
Chicago Suburbs	22.7
E. St. Louis Suburbs	24.5
Other SMSA Suburbs	24.0
Non-SMSA Cities	23.4
Rural	22.3
STATE AVERAGE	22.8

TABLE A-15

TEACHER SALARY SCHEDULES

ELEMENTARY DISTRICTS

1970-71

TYPE OF DISTRICT	Bachelor's Degree Min.	Bachelor's Degree Max.	Master's Degree Min.	Master's Degree Max.	Average Teacher Salary All Teachers
Chicago Suburbs	$7,532	$11,105	$8,370	$13,217	$9,497
E. St. Louis Suburbs	7,405	10,693	8,217	12,205	9,449
Other SMSA Suburbs	7,341	10,338	8,005	11,821	8,980
Non-SMSA Cities	7,089	9,883	7,901	11,597	9,165
Rural	7,027	9,522	7,688	11,187	8,426
STATE AVERAGE	$7,443	$10,828	$8,252	$12,832	$9,325

TABLE A-16

TITLE I STUDENTS AS PERCENT OF ADA

TYPE OF DISTRICT	ELEMENTARY DISTRICTS 1970-71		
	No. Title I Students*	Percent Title I Students of District ADA	Percent Title I Students of Total State Title I
Chicago Suburbs	20,098	4.4%	53.7%
E. St. Louis Suburbs	1,505	9.5	4.0
Other SMSA Suburbs	2,127	5.8	5.7
Non-SMSA Cities	3,390	16.5	9.1
Rural	10,342	16.5	27.5
STATE AVERAGE	37,462	6.3%	100.0%

TABLE A-17

MINORITY STUDENTS AS PERCENT OF ADA

ELEMENTARY DISTRICTS

1970-71

TYPE OF DISTRICT	Percent Minority Students of District ADA	Percent Minority Students of Total State Minority
Chicago Suburbs	7.4%	85.3%
E. St. Louis Suburbs	0.7	0.3
Other SMSA Suburbs	4.0	3.7
Non-SMSA Cities	7.2	3.7
Rural	4.4	7.0
STATE AVERAGE	6.7%	100.0%

APPENDIX B

SECONDARY SCHOOL DISTRICTS

LIST OF TABLES

B-1. Analysis Groupings: Secondary School Districts 108

B-2. Per Pupil Property Values and Property Tax Rates for Education 109

B-3. Revenues by Source of Funding in Dollars Per Pupil 110

B-4. Per Pupil Expenditure Differentials by Function in Dollars 111

B-5. Expenditures by Function: Percent of Total COE 112

B-6. Expenditures for Instructional Items in Dollars Per Pupil 113

B-7. Expenditures for Instructional Items: Percent of Total Instruction 114

B-8. Expenditures for Non-Instructional Items in Dollars Per Pupil 115

B-9. Expenditures for Non-Instructional Items: Percent of Total Non-Instructional 116

B-10. Expenditures for Fixed Charges in Dollars Per Pupil 117

B-11. Expenditures for Fixed Charges: Percent of Total Fixed Charges 118

B-12. Average Years Experience 119

B-13. Average Education Level of Teachers 120

B-14. Pupil-Teacher Ratios 121

B-15. Teacher Salary Schedules 122

B-16. Title I Students as Percent of ADA 123

B-17. Minority Students as Percent of ADA 124

TABLE B-1

ANALYSIS GROUPINGS: SECONDARY SCHOOL DISTRICTS

1970-71

Type of District	No. of Districts	% of Total ADA
Chicago Suburbs	56	76.4%
East St. Louis Suburbs	4	3.1
Other SMSA Suburbs	12	4.4
Non-SMSA Cities	10	6.4
Rural & Cities Under 10,000	80	9.7

TABLE B-2

PER PUPIL PROPERTY VALUES AND PROPERTY TAX RATES FOR EDUCATION

SECONDARY DISTRICTS

1969-70

TYPE OF DISTRICT	Assessed Per Pupil Property Values	Operating Tax Rates*	Capital Outlay Tax Rates*	Total Tax Rates for Schools*
Chicago Suburbs	$65,526	$1.66	$0.46	$2.12
E. St. Louis Suburbs	54,326	1.53	0.31	1.22
Other SMSA Suburbs	61,537	1.20	0.25	1.45
Non-SMSA Cities	63,867	1.28	0.28	1.56
Rural	74,094	1.24	0.20	1.44
STATE AVERAGE	$65,725	$1.56	$0.42	$1.98

*Per $100 assessed value of property.

TABLE B-3

REVENUES BY SOURCE OF FUNDING IN DOLLARS PER PUPIL

SECONDARY DISTRICTS

1970-71

TYPE OF DISTRICT	Local Revenues*	State Revenues	Federal Revenues	TOTAL REVENUES
Chicago Suburbs	$ 1,174	$ 254	$ 19	$ 1,447
E. St. Louis Suburbs	810	283	41	1,134
Other SMSA Suburbs	829	259	33	1,121
Non-SMSA Cities	917	246	25	1,188
Rural	988	254	24	1,266
STATE AVERAGE	$ 1,113	$ 254	$ 21	$ 1,388

*Local revenues are computed by multiplying fiscal 1970 tax rates by that year's assessed per pupil property base.

TABLE B-4

PER PUPIL EXPENDITURE DIFFERENTIALS BY FUNCTION IN DOLLARS

	SECONDARY DISTRICTS 1970-71					
	Chicago Suburbs	East St. Louis Suburbs	Other SMSA Suburbs	Non-SMSA Cities	Rural	TOTAL STATE AVERAGE
Total Instructional	$ 920	$ 766	$ 683	$ 696	$ 702	$ 869
Total Non-Instructional	363	342	280	317	351	354
Total Fixed Charges	117	98	86	87	94	111
TOTAL CURRENT OPERATING EXPENDITURES	$1,400	$1,206	$1,049	$1,100	$1,147	$1,334

TABLE B-5

EXPENDITURES BY FUNCTION: PERCENT OF TOTAL COE

	SECONDARY DISTRICTS 1970-71					
	Chicago Suburbs	East St. Louis Suburbs	Other SMSA Suburbs	Non-SMSA Cities	Rural	TOTAL STATE AVERAGE
Total Instructional	65.7%	63.5%	65.1%	63.3%	61.2%	65.2%
Total Non-Instructional	25.9	28.4	26.7	28.8	30.6	26.5
Total Fixed Charges	8.4	8.1	8.2	7.9	8.2	8.3
TOTAL CURRENT OPERATING EXPENDITURES	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

TABLE B-6

EXPENDITURES FOR INSTRUCTIONAL ITEMS IN DOLLARS PER PUPIL

	SECONDARY DISTRICTS 1970-71					
	Chicago Suburbs	East St. Louis Suburbs	Other SMSA Suburbs	Non-SMSA Cities	Rural	TOTAL STATE AVERAGE
TOTAL INSTRUCTIONAL	$920	$766	$683	$696	$702	$869
Principals	46	27	19	19	15	40
Classroom Teachers	706	590	552	570	612	678
Other Instructional Staff	45	50	34	31	13	41
Other Instructional Exps.	123	99	78	76	62	110

TABLE B-7

EXPENDITURES FOR INSTRUCTIONAL ITEMS: PERCENT OF TOTAL INSTRUCTION

	SECONDARY DISTRICTS 1970-71					
	Chicago Suburbs	East St. Louis Suburbs	Other SMSA Suburbs	Non-SMSA Cities	Rural	TOTAL STATE AVERAGE
TOTAL INSTRUCTIONAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Principals	5.0	3.5	2.8	2.7	2.1	4.6
Classroom Teachers	76.7	77.0	80.8	81.9	87.2	78.0
Other Instructional Staff	4.9	6.5	5.0	4.5	1.9	4.7
Other Instructional Exps.	13.4	12.9	11.4	10.9	8.8	12.7

TABLE B-8

EXPENDITURES FOR NON-INSTRUCTIONAL ITEMS IN DOLLARS PER PUPIL

	SECONDARY DISTRICTS 1970-71					
	Chicago Suburbs	East St. Louis Suburbs	Other SMSA Suburbs	Non-SMSA Cities	Rural	TOTAL STATE AVERAGE
TOTAL NON-INSTRUCTIONAL	$363	$342	$280	$317	$351	$354
Administration	59	50	66	54	83	61
Transportation	42	38	26	44	60	43
Plant Operation	146	131	82	105	98	135
Plant Maintenance	33	15	17	34	26	31
Other Non-Instructional	83	108	89	80	84	84

TABLE B-9

EXPENDITURES FOR NON-INSTRUCTIONAL ITEMS: PERCENT OF TOTAL NON-INSTRUCTION

	SECONDARY DISTRICTS 1970-71					
	Chicago Suburbs	East St. Louis Suburbs	Other SMSA Suburbs	Non-SMSA Cities	Rural	TOTAL STATE AVERAGE
TOTAL NON-INSTRUCTIONAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Administration	16.2	14.6	23.6	17.0	23.7	17.2
Transportation	11.6	11.1	9.3	13.9	17.1	12.2
Plant Operation	40.2	38.3	29.3	33.1	27.9	38.1
Plant Maintenance	9.1	4.4	6.1	10.7	7.4	8.8
Other Non-Instructional	22.9	31.6	31.7	25.2	23.9	23.7

TABLE B-10

EXPENDITURES FOR FIXED CHARGES IN DOLLARS PER PUPIL

SECONDARY DISTRICTS

1970-71

	Chicago Suburbs	East St. Louis Suburbs	SMSA Suburbs	Non-SMSA Cities	Rural	TOTAL STATE AVERAGE
TOTAL FIXED CHARGES	$117	$98	$86	$87	$94	$111
Certified Employee Retirement	60	51	47	49	53	58
Non-Certified Employee Retirement	26	19	15	17	15	23
Other	31	28	24	21	26	30

TABLE B-11

EXPENDITURES FOR FIXED CHARGES: PERCENT OF TOTAL FIXED CHARGES

	SECONDARY DISTRICTS 1970-71					
	Chicago Suburbs	East St. Louis Suburbs	Other SMSA Suburbs	Non-SMSA Cities	Rural	TOTAL STATE AVERAGE
TOTAL FIXED CHARGES	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Certified Employee Retirement	51.3	52.0	54.7	56.3	56.4	52.3
Non-Certified Employee Retirement	22.2	19.4	17.4	19.5	16.0	20.7
Other	26.5	28.6	27.9	24.2	27.7	27.0

TABLE B-12

AVERAGE YEARS EXPERIENCE

SECONDARY DISTRICTS

1970-71

TYPE OF DISTRICT	Teachers With No Degrees	Teachers With B.A. Degrees	Teachers With M.A. Degrees	Teachers With Ph.D. Degrees	Average Experience All Teachers
Chicago Suburbs	6.3 yrs.	4.9 yrs.	12.8 yrs.	18.5 yrs.	8.9 yrs.
E. St. Louis Suburbs	13.0	6.3	14.0	9.0	9.9
Other SMSA Suburbs	9.0	6.5	14.1	*	8.7
Non-SMSA Cities	8.2	5.4	15.1	*	10.0
Rural	16.5	6.9	16.3	*	9.9
STATE AVERAGE	8.2	5.3	13.3	18.3	9.1

*Less than .05 percent of the teachers in these districts have Ph.D. degrees.

TABLE B-13

AVERAGE EDUCATION LEVEL OF TEACHERS

SECONDARY DISTRICTS

1970-71

TYPE OF DISTRICT	Percentage of Teachers With No Degree	Percentage of Teachers With B.A. Degree	Percentage of Teachers With M.A. Degree	Percentage of Teachers With Ph.D. Degree
Chicago Suburbs	0.1	49.6	49.9	0.4
E. St. Louis Suburbs	0.2	52.8	46.8	0.2
Other SMSA Suburbs	0.5	71.0	28.5	*
Non-SMSA Cities	2.1	51.2	46.7	*
Rural	0.1	68.7	31.2	*
STATE AVERAGE	0.3	52.7	46.7	0.3

*No teachers with Ph.D. degrees in these districts.

TABLE B-14

PUPIL-TEACHER RATIOS

SECONDARY DISTRICTS

1970-71

TYPE OF DISTRICT	
Chicago Suburbs	19.7
E. St. Louis Suburbs	19.4
Other SMSA Suburbs	19.0
Non-SMSA Cities	19.9
Rural	17.3
STATE AVERAGE	19.4

TABLE B-15

TEACHER SALARY SCHEDULES

SECONDARY DISTRICTS

1970-71

TYPE OF DISTRICT	Bachelor's Degree Min.	Bachelor's Degree Max.	Master's Degree Min.	Master's Degree Max.	Average Teacher Salary All Teachers
Chicago Suburbs	$7,988	$11,761	$8,755	$15,398	$11,489
E. St. Louis Suburbs	7,459	9,359	8,098	11,913	10,212
Other SMSA Suburbs	7,384	10,455	8,017	11,982	9,732
Non-SMSA Cities	7,319	9,935	8,080	12,020	10,526
Rural	7,131	9,457	7,772	11,255	9,364
STATE AVERAGE	$7,831	11,329	8,577	14,575	11,091

TABLE B-16

TITLE I STUDENTS AS PERCENT OF ADA

SECONDARY DISTRICTS

1970-71

TYPE OF DISTRICT	No. Title I Students	Percent Title I Students of District ADA	Percent Title I Students of Total State Title I
Chicago Suburbs	6,929	3.6%	51.0%
E. St. Louis Suburbs	412	5.2	3.0
Other SMSA Suburbs	612	5.5	4.5
Non-SMSA Cities	1,658	10.3	12.2
Rural	3,966	16.2	29.3
STATE AVERAGE	13,577	5.4%	100.0%

TABLE B-17

MINORITY STUDENTS AS PERCENT OF ADA

SECONDARY DISTRICTS

1970-71

TYPE OF DISTRICT	Percent Minority Students of District ADA	Percent Minority Students of Total State Minority
Chicago Suburbs	6.8%	88.7%
E. St. Louis Suburbs	1.1	0.5
Other SMSA Suburbs	3.9	4.1
Non-SMSA Cities	4.9	2.9
Rural	2.1	3.8
STATE AVERAGE	5.9%	100.0%

APPENDIX C

METHODOLOGY FOR TAX BURDEN ANALYSIS

In undertaking an analysis of the percent of household income contributed through both state and local taxes for the support of public elementary and secondary education, the methodology described below is used.

Tax burdens are computed for both urban and rural areas of Illinois. The U.S. Department of Labor provides statistics on expenditure patterns for urban and rural non-farm households by region. These data are utilized in this analysis to estimate expenditures for items subject to state and local taxes.

STATE TAX ANALYSIS[1]

Households are grouped by money classes on the basis of the demographic and regional distributions provided in the Department of Labor Survey of Consumer Expenditures and Income, July 1964 State personal income taxes, grouped on the basis of income as reported on Illinois state tax returns, are converted for this study into taxes paid by household units. Money

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1. Tables C-1 and C-2 show the state tax burden for education for 1970-71 for rural and urban areas, respectively, while Table C-3 shows the combined urban/rural state tax burden.

income is comprised of transfer payments (such as social security or welfare payments) and adjusted gross income.

For purposes of this analysis, all major state tax payments by households into the state general fund are computed by income groups. The analysis reflects that part of the corporate income tax and selected other taxes that are shifted to out-of-state residents,[2] but does not include estimates of the proportion of corporate taxes shifted into the state. Thus total state tax burdens are somewhat understated in this analysis.

LOCAL TAX ANALYSIS[3]

Local property tax burdens for all school districts in the state have been allocated to income groups residing in owner-occupied units on the basis of the 1970 Census of Housing and Census of Population ratios of house value to income. The data are based on the Chicago and Decatur metropolitan areas.

For households which rent, monthly rent payments have been converted to estimated values of rented units by the use of the gross rent multiplier concept.[4] The tax on these units, based on their estimated values, is

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2. C. McLure, Jr., "The Interstate Exporting of State and Local Taxes," National Tax Journal, March 1967.

3. Tables C-1 and C-2 show the local tax burden for education for 1969-70 for rural and urban areas, respectively, while Table C-3 shows the combined urban/rural local tax burden.

4. For discussion of this approach, see George Peterson, "The Regressivity of the Residential Property Tax," Working Paper SP 1207-10, Washington, D.C., The Urban Institute, November 1972.

shifted forward under the assumption that owners of rental property pass on the property tax to the renters.

The following example illustrates the process used in this analysis. Assuming that a household in an urban area earning $10,000 owns a $16,000 home and that the effective property tax rate is $2.00 per $100 of full market value, the household would pay $320 in school property taxes, or 3.2 percent of its total household income as defined by the Bureau of the Census. In the view of the authors of this study, house value to income ratios for the higher income families as shown by the Bureau of the Census are too low, particularly in rapidly growing suburban areas. This tends to underestimate taxes paid by middle and upper income families.

For a given income group, the property tax is the tax weighted in accordance with the proportion of owner-occupied and renter-occupied units. The proportion of owners and renters within each income group is also based on data from the 1970 Census of Population and Housing. Within the same income group, the value of rented units is lower than the value of owner-occupied units. Additionally, lower income families are more likely to rent while higher income families reside in owner-occupied units.

The analysis undertaken for this study assumes all households are subject to full property tax payments. However, many lower income households reside in public housing which may be tax exempt. The high tax burden for lower income families is due, in part, to a high proportion of retired households in these income groups. While their current income is low, these households own or rent housing of comparatively high value which was acquired during their earning years when their income was higher.

Real property taxes paid by industrial and commercial enterprises are also included in this analysis. The values derived reflect the amount of

tax shifted forward to consumers both within and outside the state in the form of higher prices, and shifted backward to owners of capital in the form of reduced profits. It was assumed for purposes of the analysis that one-third of the tax is absorbed by owners of capital and two-thirds is shifted forward to the consumer.

In 1966, the proportion of total real property in the State of Illinois that was classified as industrial-commercial property is 23.5 percent. Since the assumption is that part of the tax on this category of property is absorbed by its owners, the effect of taking commercial-industrial property taxes into account is to increase the total property tax burden for all income groups proportionally.

It should be noted that homeowners, particularly those in high income tax brackets, can offset a considerable part of the property tax by deducting their property tax payments from federal income taxes. However, federal tax offsets were not taken into account in this tax burden analysis.

Also included in the analysis of local property tax burdens is an analysis of the taxes imposed on agricultural land.[5] The proportion of total assessed real property that is comprised of agricultural land is 17.6 percent. In the tax burden analysis for rural income classes, the values for the agricultural land property are adjusted to reflect the proportion of farm households to total rural households. Adjustments are made in the analysis of the combined urban/rural tax burdens for the number of farm households as a proportion of total state household population.

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5. This study does not examine the impact of vacant lots on the total burden represented by real property taxes. The share that assessed value of vacant lots comprises of total assessed taxable real property is approximately 2.1 percent in Illinois.

In addition, agricultural land values reflect the amount of tax imposed on "real" farm adjusted gross income, that is, Bureau of Labor Statistics data for adjusted gross income added to the amount of agricultural land property tax.

The impact of agricultural land taxes conforms to the overall regressive pattern of the real property tax, with low income households paying a disproportionate amount of their income for this tax. In the case of rural households, the impact of agricultural land taxes is shown to be substantial for all income classes and especially for households in the lowest income categories.

The values computed for this study exclude any personal property taxes paid by homeowners. A number of other factors may also contribute to the highly regressive pattern shown by the use of Census of Housing data. These include the following: (1) Census values consider only current income rather than income over time. It has been shown that expenditures for housing are generally governed by their long term income expectations.[6] (2) The imputed income value of owner-occupied housing is not estimated. The inclusion of this imputed income would reduce the share of total income comprised of property taxes. In addition, the overall pattern would be slightly less regressive, since imputed income as a proportion of total income is highest among low income homeowners.

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6. Frank de Leeuw, "The Demand for Housing: A Review of Evidence," The Review of Economics and Statistics, February 1971.

TABLE C-1

STATE AND LOCAL TAX BURDEN FOR EDUCATION BY INCOME GROUP: RURAL

TYPE OF TAX	INCOME GROUPS							
STATE TAXES 1/ (FY 1971)	$2,000 2,999	$3,000 3,999	$4,000 4,999	$5,000 5,999	$6,000 7,499	$7,500 9,999	$10,000 14,999	$15,000 & Over
Sales (General Fund Share) 2/	1.7%	1.7%	1.6%	1.6%	1.5%	1.4%	1.4%	1.1%
Personal Income	0.2	0.0	0.4	0.7	0.8	1.3	1.6	1.8
Corporate Income & Franchise Shifted Forward to Consumer	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1
Corporate Income & Franchise Shifted Backward to Owners of Capital	0.1	0.1	0.1	0.1	0.1	*	*	0.1
Cigarette	0.8	0.7	0.5	0.5	0.5	0.4	0.2	0.1
Alcohol	0.2	0.2	0.2	0.2	0.1	0.2	0.2	0.2
Inheritance	0.2	0.3	0.2	0.2	0.1	0.1	0.1	0.2
Public Utility	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.2
Insurance	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Miscellaneous Taxes	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1
TOTAL GENERAL FUND STATE TAXES	4.1	3.9	3.8	4.1	3.9	4.0	4.2	4.0
TOTAL GENERAL FUND STATE TAXES ALLOCATED TO EDUCATION 3/	1.2	1.1	1.1	1.2	1.1	1.1	1.2	1.1
Common School Fund								
Sales (Local Share) 2/	0.6	0.6	0.5	0.5	0.5	0.5	0.4	0.4
TOTAL STATE TAXES FOR EDUCATION	1.8%	1.7%	1.6%	1.7%	1.6%	1.6%	1.6%	1.5%
LOCAL TAXES (FY 1970)								
Residential Property	5.6	4.5	3.3	2.8	2.5	2.1	1.8	0.9
Owner Occupied	(7.2)	(5.6)	(4.2)	(3.6)	(3.0)	(2.3)	(2.0)	(0.9)
Renter Occupied	(2.9)	(2.3)	(1.7)	(1.5)	(1.4)	(1.2)	(0.9)	(0.6)
Commercial & Ind. Property Shifted Forward to Consumer	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3
Commercial & Ind. Property Shifted Backward to Owners of Capital	0.2	0.2	0.1	0.2	0.1	0.1	0.1	0.2
Agricultural Land	1.3	2.3	1.2	1.0	0.7	0.7	0.6	1.2
TOTAL LOCAL TAXES	7.5	7.4	5.0	4.4	3.6	3.2	2.8	2.6
TOTAL STATE AND LOCAL TAXES FOR EDUCATION	9.3%	9.1%	6.6%	6.1%	5.2%	4.8%	4.4%	4.1%

1/ Excludes Driver Education Fund appropriation.
2/ Sales tax receipts are distributed to the general fund and common school fund in a ratio of 3:1.
3/ State funds allocated to education amount to 28.4 percent of total general fund revenues.

* Under .05.

TABLE C-2

STATE AND LOCAL TAX BURDEN FOR EDUCATION BY INCOME GROUP: URBAN

TYPE OF TAX	INCOME GROUPS							
STATE TAXES 1/ (FY 1971)	$2,000 2,999	$3,000 3,999	$4,000 4,999	$5,000 5,999	$6,000 7,499	$7,500 9,999	$10,000 14,999	$15,000 & Over
Sales (General Fund Share) 2/	1.9%	1.9%	1.7%	1.7%	1.7%	1.6%	1.4%	1.2%
Personal Income	0.4	0.6	0.7	0.8	1.1	1.3	1.6	1.9
Corporate Income & Franchise Shifted Forward to Consumer	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1
Corporate Income & Franchise Shifted Backward to Owners of Capital	0.1	0.1	0.1	0.1	0.1	*	*	0.1
Cigarette	0.7	0.6	0.6	0.5	0.5	0.4	0.3	0.2
Alcohol	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Inheritance	0.2	0.3	0.2	0.2	0.1	0.1	0.1	0.2
Public Utility	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.2
Insurance	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Miscellaneous Taxes	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1
TOTAL GENERAL FUND STATE TAXES	4.4	4.6	4.4	4.4	4.5	4.4	4.3	4.3
TOTAL GENERAL FUND STATE TAXES ALLOCATED TO EDUCATION 3/	1.3	1.3	1.3	1.3	1.3	1.3	1.2	1.2
Common School Fund								
Sales (Local Share) 2/	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.4
TOTAL STATE TAXES FOR EDUCATION	1.9%	1.9%	1.9%	1.9%	1.8%	1.8%	1.7%	1.6%
LOCAL TAXES (FY 1970)								
Residential Property	5.9	4.5	3.4	3.1	2.8	2.3	2.3	1.3
Owner Occupied	(10.7)	(8.0)	(6.1)	(5.2)	(4.2)	(3.3)	(2.8)	(1.4)
Renter Occupied	(4.3)	3.3	(2.6)	(2.2)	(1.9)	(1.7)	(1.4)	(0.9)
Commercial & Ind. Property Shifted Forward to Consumer	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3
Commercial & Ind. Property Shifted Backward to Owners of Capital	0.2	0.2	0.1	0.2	0.1	0.1	0.1	0.2
TOTAL LOCAL TAXES	6.5	5.1	3.9	3.7	3.3	2.8	2.7	1.8
TOTAL STATE AND LOCAL TAXES FOR EDUCATION	8.4%	8.0%	5.8%	5.6%	5.1%	4.6%	4.4%	3.4%

1/ Excludes Driver Education Fund appropriation.
2/ Sales tax receipts are distributed to the general fund and common school fund in a ratio of 3:1.
3/ State funds allocated to education amount to 28.4 percent of total general fund revenues.

* Under .05.

TABLE C-3

STATE AND LOCAL TAX BURDEN FOR EDUCATION BY INCOME GROUP: URBAN/RURAL COMBINED

TYPE OF TAX	INCOME GROUPS							
STATE TAXES 1/ (FY 1971)	$2,000 2,999	$3,000 3,999	$4,000 4,999	$5,000 5,999	$6,000 7,499	$7,500 9,999	$10,000 14,999	$15,000 & Over
Sales (General Fund Share) 2/	1.9%	1.9%	1.7%	1.7%	1.7%	1.6%	1.4%	1.2%
Personal Income	0.4	0.5	0.7	0.8	1.1	1.3	1.6	1.9
Corporate Income & Franchise Shifted Forward to Consumer	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1
Corporate Income & Franchise Shifted Backward to Owners of Capital	0.1	0.1	0.1	0.1	0.1	*	*	0.1
Cigarette	0.7	0.6	0.6	0.5	0.5	0.4	0.3	0.2
Alcohol	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Inheritance	0.2	0.3	0.2	0.2	0.1	0.1	0.1	0.2
Public Utility	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.2
Insurance	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Miscellaneous Taxes	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1
TOTAL GENERAL FUND STATE TAXES	4.4	4.5	4.4	4.4	4.5	4.4	4.3	4.3
TOTAL GENERAL FUND STATE TAXES ALLOCATED TO EDUCATION 3/	1.3	1.3	1.2	1.2	1.3	1.2	1.2	1.2
Common School Fund								
Sales (Local Share) 2/	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.4
TOTAL STATE TAXES FOR EDUCATION	1.8%	1.9%	1.8%	1.8%	1.8%	1.7%	1.7%	1.6%
LOCAL TAXES (FY 1970)								
Residential Property	5.9	4.5	3.4	3.1	2.8	2.3	2.2	1.2
Owner Occupied	(10.1)	(7.6)	(5.8)	(4.9)	(4.0)	(3.1)	(2.7)	(1.3)
Renter Occupied	(4.1)	(3.1)	(2.5)	(3.1)	(1.8)	(1.6)	(1.3)	(0.9)
Commercial & Ind. Property Shifted Forward to Consumer	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3
Commercial & Ind. Property Shifted Backward to Owners of Capital	0.2	0.2	0.1	0.2	0.1	0.1	0.1	0.2
Agricultural Land	0.2	0.4	0.2	0.2	0.1	0.1	0.1	0.2
TOTAL LOCAL TAXES	6.7	5.5	4.1	3.9	3.4	2.9	2.7	1.9
TOTAL STATE AND LOCAL TAXES FOR EDUCATION	8.5%	7.4%	5.9%	5.7%	5.2%	4.6%	4.4%	3.5%
Statewide Household Distribution by Income: No. of Households (in thousands)	207	186	174	193	307	546	910	764
Percent of Total 4/	5.4%	4.9%	4.6%	5.1%	8.0%	14.3%	23.9%	20.0%

1/ Excludes Driver Education Fund appropriation.
2/ Sales tax receipts are distributed to the general fund and common school fund in a ratio of 3:1.
3/ State funds allocated to education amount to 28.4 percent of total general fund revenues.
4/ Does not total 100% because the Under $2,000 income group is not included in the analysis.

* Under .05.

APPENDIX D

METHODOLOGY FOR EQUALIZING QUANTITATIVE DIFFERENCES THAT AFFECT PER PUPIL EXPENDITURE DIFFERENCES

CLASSROOM TEACHERS

The method employed to equalize quantitative factors and thereby isolate differences due to price variation is one which makes the necessary adjustments so that teachers in Chicago's fast growth suburban school districts and the rural school districts of Illinois have characteristics identical to teachers in Chicago. In this context, education and experience levels of teachers as well as the number of teachers in proportion to students are considered to be quantitative factors.

The first factor which must be controlled is years of teaching experience. The change in per pupil expenditures if all teachers with bachelor's degrees and master's degrees had the same average years of experience as those in central cities is determined.

There are two important steps in this process: (1) determining the average number of steps in salary schedules between the minimum salary figure and the maximum salary amount; (2) determining the percentage of teachers in each district category who are presently earning at the maximum level. Once these data have been derived, it is assumed that step increases are on an annual basis. Data were provided on the proportion of teachers at each year's experience level by school district. Thus, the

proportion of the total teacher population that is already earning at the maximum level can be computed. This is a necessary calculation because those teachers earning at the maximum salary level, by definition, cannot earn more with additional years of experience. Therefore, their salaries are not altered by the adjustment for experience levels.

For example, 31 percent of the teachers holding B.A. degrees in rural areas are at the maximum for longevity pay. The average years of experience for teachers with B.A. degrees in Chicago is 6.6 years, compared to the rural average of 9.5 years. Salaries for rural teachers not at the maximum on the salary scale (69 percent of the total) were reduced to reflect the average teacher tenure in Chicago. The same process is followed for teachers with M.A. degrees. Once this is accomplished, the total effect of experience on the average salaries of teachers with B.A. degrees and M.A. degrees can be calculated. Thus, rural teachers, as a result of this adjustment, would earn $338 less, reducing their average salary from $9,387 to $9,049.

At this point, adjustments have been computed for differences in the average experience levels of teachers. The next quantitative factor for which adjustments are made is the average educational level of degree-holding teachers. In Chicago, 75 percent of the teachers have B.A. degrees and the remaining 25 percent have M.A. degrees or above. By adjusting the fast growth suburbs and rural school districts to this ratio, it is possible to determine what impact differences in educational levels have on per pupil expenditure differentials for teachers.

Fast growth suburban districts have a B.A. to M.A. ratio of 85 to 15. If this ratio were adjusted to the Chicago ratio of 75 to 25, there would

be an average per pupil increase in expenditures for teachers in fast growth suburbs amounting to $16.

The final adjustment which must be made for quantitative differences in educational resources involves the equalization of pupil-teacher ratios. The pupil-teacher ratios of the suburban and rural areas are assumed to be equal to that of Chicago, which averages 18.7 pupils per teacher.

Once adjustments in the quantitative differences in educational resources have been made, the differences in expenditures for classroom teachers between Chicago, its fast growth suburbs and the rural areas of the state that are due solely to differences in salary schedules can be determined.

136/137

ILLINOIS DISTRICTS INCLUDED IN ANALYSIS

UNIT DISTRICTS

CENTRAL CITY

Chicago

EAST ST. LOUIS

East St. Louis

SLOW GROWTH SUBURBS OF CHICAGO

Alden-Hebron
Aurora East
Aurora West
Central
Elgin
Elmwood Park
Geneva
Lake Zurich
Waukegan
Wilmington
Woodstock

FAST GROWTH SUBURBS OF CHICAGO

Batavia
Beecher
Crete Monee
Dundee
Harvard
Huntley
Peotone
Plainfield
Round Lake
St. Charles
Wauconda

EAST ST. LOUIS SUBURBS

Alton
Bethalto
Brooklyn
Cahokia
Collinsville
Dupo
Edwardsville
Granite City
Highland
Lebanon
Livingston
Madison
Marissa
Mascoutah
New Athens
Roxana
Triad
Venice
Worden

OTHER SMSA CITIES

Bloomington
Champaign
Decatur

OTHER SMSA CITIES (cont'd)

McLean
Moline
Peoria
Rockford
Rock Island
Springfield Schools
Urbana

OTHER SMSA SUBURBS

Alwood
Annawan
Argenta
Atkinson
Auburn
Belvidere
Blue Mound Boody
Brimfield
Broadlands Abl.
Cambridge
Comm. Unit
Comm. Unit Schools
Congerville
Deer Creek-Mackinaw
Delavan
Divernon
Dunlap
Durand
Elmwood
Galva
Geneseo
Harlem
Heyworth
Homer
Illini Bluffs
Illinois Valley
Illiopolis
Kewanee
Le Roy
Lowpoint-Washburn
Macon
Mahomet-Seymour
Maroa-Forsyth
McLean 1
McLean 2
Minonk-Dana-Rutland
Morton
Mt. Zion

OTHER SMSA SUBURBS (cont'd)

New Berlin
Niantic-Harristown
Octavia
Olympia
Orion
Pawnee
Pecatonica
Peoria Heights
Pleasant Plains
Princeville
Riverdale
Roanoke-Benson
Rochester
Rockridge
Saybrook-Arrowsmith
South Beloit
Tolono
Tremont
Tri-City
Tri-Valley
Warrensburg-Latham
Wethersfield
Williamsville
Winnebago
Woodford

NON-SMSA CITIES

Charleston
Danville
DeKalb
Freeport
Galesburg
Kankakee
Macomb
Mattoon
Monmouth
Murphysboro
Quincy
Taylorville

RURAL & CITIES UNDER 10,000

Abingdon
Aledo
Allendale

RURAL (cont'd)

Altamont
Amboy
Arcola
Arthur
Ashland
Ashton
Assumption
Astoria
Athens
Atwood-Hammond
Avon
Balyki
Barry 1
Barry 2
Beardstown
Beecher City
Bement
Bethany
Bluffs
Bond County C. U.
Bradford
Brookport
Brown Comm. Unit
Brownstown
Buckley-Loda
Bunker Hill
Bushnell-Prairie City
Byron
Cairo
Calhoun
Camp Point
Canton
Carlinville
Carlyle
Carmi
Carrier Mills
Carrollton
Carterville
Casey
Cave-In-Rock
Central
Century
Cerro Gordo
Chadwick
Chandlerville
Chatsworth
Chester
Chrisman
Cissna Park
Clay City

RURAL (cont'd)

Clinton
Coal City
Cobden
Colchester
Columbia
Community Unit 1
Community Unit 2
Community Unit 3
Community Unit 4
Community Unit 5
Coulterville
Crab Orchard
Crossville
Cuba
Cumberland
Dakota
Dallas
Deland-Weldon
Depue
Dieterich
Dixon
Dongola
Donovan
Du Quoin
Earlville
East Dubuque
Easton
East Richland
Edgar 1
Edgar 2
Edgar 3
Edinburgh
Edwards County
Effingham
Egyptian
El Dorado
Elizabeth
Elverado
Enfield
Equality
Fairbury-Cropsey
Farmer City
Farmington East
Findlay
Flanagan
Forman
Forreston
Forrest-Strawn-Wing
Frankfort
Franklin

RURAL (cont'd)

Galatia
Galena
Genoa-Kingston
Georgetown
Gibson City
Gillespie
Gilman
Grant Park
Grayville
Greenfield
Greenview
Griggsville
Hamilton
Hanover
Harrisburg
Hartsburg-Emden
Havana
Herrin
Herscher
Hiawatha
Hillsboro
Hinckley-Big Rock
Hoopeston
Hutsonville
Industry
Iroquois
Jacksonville
Jerseyville
Johnston
Kinmundy-Alma
Knoxville
Lagrove
Laharpe
Lanark
Leaf River
Lee Center
Leland
Lena Winslow
Liberty
Litchfield
Lovington
Malta
Manlius
Mansfield
Manteno
Marion
Marseilles
Marshall 1
Marshall 2
Martinsville

RURAL (cont'd)

Mason City
Media-Wever
Melvin Sibley
Mendon
Meredosia
Meridian 1
Meridian 2
Mid-County
Milledgeville
Mississippi Valley
Momence
Monticello
Morrisonville
Mount Auburn
Mount Carroll
Mount Morris
Mount Olive
Moweaqua
Mulberry Grove
Nauvoo-Colusa
Neoga
New Holland
Newman
Nokomis
Norris-City-Omaha
North Gallatin
North Greene
Northwest
Northwestern
Oakland
Onarga
Orangeville
Oregon
Oswego
Palestine
Pana
Panhandle
Paris Union
Patoka
Paxton
Payson
Pearl City
Piper City
Plano
Pleasant Hill
Plymouth
Polo
Pope
Porta
Prophetstown-Lyndon

RURAL (cont'd)

Putnam
Pyser City
Ramsey
Red Bud
Ridge Farm
River Bend
Roberts Thawville
Robinson
Roseville
Rosiclare
Rossville-Alvin
R.O.V.A.
Ruce
Sandoval
Sandwich
San Jose
Saunemin
Savanna
Scales Mound
Schuyler
Sesser
Shabbona
Shannon
Shawnee
Shelbyville
Sheldon
Sherrard
Somonauk
Southeastern
Southeast Gallatin
South Henderson
Southwestern
Sparta
Spoon River Valley
Staunton
Steeleville
St. Elmo
Stewardson Strasburg
Stockland
Stockton
Stonington
Sullivan
Sycamore
Tampico
Teutopolis
Thomson
Tiskilwa
Toulon Lafayette
Toluca
Tuico

RURAL (cont'd)

Triopia
Tri-Point
Tuscola
Union Oquawka
Valmeyer
Vandalia
V.I.T.
Villa Grove
Virginia
Wabash
Waltonville
Wapella
Warren 1
Warren 2
Warsaw
Waterloo
Waterman
Waverly
Wellington
Wenona
Wesclin
Western
Westmer
West Pike
West Richland
Whiteside
Williamsfield
Winchester
Windsor
Winola
Witt
Woodland
Yates City
Yorkville
Yorkwood
Zeigler Royalton

ELEMENTARY DISTRICTS

CHICAGO SUBURBS

Addison
Alsip 1
Alsip 2
Ann Rutledge
Antioch
Aptakisic-Iripp
Arbor Park
Arlington Heights
Avoca
Avon Center
Bannockburn
Barrington 1
Barrington 2
Beach Park
Bellwood
Benjamin
Bensenville
Berkeley
Berwyn 1
Berwyn 2
Big Hollow
Bloomingdale
Blue Island
Bowen
Braidwood
Broadview
Bromberek
Brookfield
Brookwood
Burnham
Butler
Calumet
Carol Stream
Cary
Cass
Center Cass
Chaney-Monge
Channahon

CHICAGO SUBURBS (cont'd)

Chicago Heights
Chicago Ridge
Cicero
Cleveland
Common
Community Consl.
Comm. Consolidated
Cook CC SD 1
Cook CC SD 2
Cook County Sch.
Cottage Grove
Country Club Hills
Crystal Lake
Custer Park
Darien
Deerfield
Des Plaines
Diamond Lake
Doctor
Dolton
Downers Grove
East Maine
East Prairie
Elk Grove
Elmhurst 1
Elmhurst 2
Elwood
Emmons
Evanston
Evergreen Park
Fairview
Fairmont
Flossmoor
Forest Park
Forest Ridge
Fox Lake
Fox River Grove
Franklin Park

CHICAGO SUBURBS (cont'd)

Frankfort
Fremont
Gavin
Glencoe
Glen Ellyn 1
Glen Ellyn 2
Glenview
Golf
Gower
Granger
Grass Lake
Grayslake
Grove
Gurnee
Harrison
Harvey
Hawthorn 1
Hawthorn 2
Hazel Crest
Highland Park 1
Highland Park 2
Highlands
Highwood-Highland Park
Hillside
Hinsdale
Homer
Homewood
Hoover Schrum
Indian Plains
Itasca
Johnsburg
Joilet
Joseph Sears
Keeneyville
Kildeer Countryside
Kirby
LaGrange
Lake Bluff
Lake Forest
Lake Villa
Lansing
Laraway
Lemont
Libertyville
Lincoln
Lincolnshire-Prairie
Lincolnwood
Lisle
Lombard
Lorkport

CHICAGO SUBURBS (cont'd)

Lotus
Ludwig, Reed, Walsh
Lyons
Maercker
Manhattan
Mannheim Public Sch.
Maple
Marengo
Markham
Marquardt
Matteson School Dist.
Maywood
Mcauley
McHenry
Medinah
Midlothian
Millburn
Mokena
Morton Grove
Mt. Prospect
Mundelein
Naperville
New Lenox
Newport
Niles
Norridge
Northbrook
North Chicago 1
North Chicago 2
North Palos
North Riverside
Oak Grove
Oaklawn-Hometown
Oak Park
Orland Park
Palatine
Palos Heights
Palos Park
Palisades
Park Forest
Park Ridge
Pennoyer
Pleasantdale
Posen-Robbins
Prairie Grove
Prospect Heights
Puffer
Queen Bee
Rhodes
Richland

CHICAGO SUBURBS (cont'd)

Richmond
Ridgefield
Ridgeland
Riley
River Forest
River Grove
Riverside
River Trails
Rockdale
Rondout
Roselle
Rosemont
Sahs
Salt Creek
Sandridge
Schiller Park
Sifden Prairie
Skokie 1
Skokie 2
South Holland
South La Grange
South Stickney
Spaulding
Spring Grove
Steger
Summit
Summit Hills
Sunnybrook
Sunset Ridge
Taft
Thornton
Tinley Park
Troy
Union
Union Cons
Union Ridge
Valley View
Villa Park
Wentworth
Westchester
West Chicago
Western Springs
Westmont
West Northfield
Wheatland
Wheaton
Wheeling
Willow Springs
Wilmette
Wilmot

CHICAGO SUBURBS (cont'd)

Winfield
Winnetka
Winthrop Harbor
Wood Dale
Woodland
Woodridge
Worth
Zion

EAST ST. LOUIS SUBURBS

Belle Valley
Belleville
Central
East Alton
Fayetteville
Freeburg
Grant
Harmony-Emge-Ellis
High Mount
Millstadt
Osfallon
Pontiac
Shiloh
Signal Hill
Smithton
St. Libory
Whiteside
Wolf Branch
Wood River

OTHER SMSA SUBURBS

Bartonville
Bellevue
Bellflower
Boone Leroy
Briar Bluff
Carbon Cliff-Barstow
Central
Colona
Columbia
Creve Coeur
East Moline
East Peoria
Flatville
Germantown Hills
Gifford
Green Valley
Hampton

OTHER SMSA SUBURBS (cont'd)

Harrison
Hollis
Homewood Heights
Kinnikinnick
Limestone-Walters
Ludlow CC
Manchester
Metamora
Monroe
North Pekin
Norwood
Oak Grove
Oak Hill
Ogden
Pekin
Penfield
Pleasant Hill
Pleasant Valley
Pleasant View 1
Pleasant View 2
Poplar Grove
Prairie Hill
Rankin
Rantoul
Riverview
Riverton
Robein
Rockton
Royal
Shirland
Silvis
So. Pekin
Spring Lake
Stanton
Stephen Mack
St. Joseph
Sundoer Beverly
Thomasboro
Washington

NON-SMSA CITIES

Bethel
Carbondale
Central City
Centralia
Chester-East Lincoln
Diamond

NON-SMSA CITIES (cont'd)

Dimmick
Dodds
Eagle
East Coloma
Giant City
Glendale
Grand Prairie
LaSalle
Lincoln
McClellan
Mt. Vernon
Montmorency
Newtwn.
North Wamac
Old Union
Otter Creek
Peru
Raccoon
Riverdale
Rock Falls
Rutland
Streator
Summersville
Unity Point
Wallace
Willow Grove

RURAL & CITIES UNDER 10,000

Addieville
Aden
Akin
Allen Twp.
Allen
Albers
Anna
Arlington
Armstrong-Ellis
Ashley
Aviston
Bardolph
Bartelso

RURAL (cont'd)

Beason
Beaver Creek
Belle Rive
Bend
Benton
Berry
Bible Grove
Birds
Bluford
Bogota
Bourbonnais
Boyleston
Braceville
Bradley
Bridgeport
Brookside
Brussels-Richwood
Broadwell
Bryce Ash Grove
Buckheart 1
Buckheart 2
Buncombe
Bureau
Burnside
Carthage
Castleton Comm. Cons.
Chauncey
Cherry
Chestnut
Christopher
Cisne
Clystic
Coleta
Community
Community Cons. 1
Community Cons. 2
Cornell
Cowden
Crescent City
Creston
Cypress
Dahlgren
Dale
Dalzell
Damiansville
Dwight
Desoto
East Lynn
Elkhart
Esmond

RURAL (cont'd)

Ewing
Fairfield
Fairmount
Farrington
Ferris
Field
Fillmore
Fithian
Flannigan
Flatts
Flora
Franklin
Freedom
Gardner
Geff
Germantown
Goodfarm
Goreville
Grand Ridge
Grove
Hahnaman
Hardinville
Herrick
Henry
Hidalgo
Hopkins
Hoyleton
Hutton
Ina
Indianola
Ingraham
Iola
Irvington
Iuka
Jasper
Jefferson
John F. Kennedy
Johannisburg
Johnsonville
Jonesboro
Joppa
Jordan
Kaskaskia
Kasbeer
Kell
Kincaid
Kings
Kinsman
Knights Prairie
Ladd

RURAL (cont'd)

Lawrenceville
Leepertown
Lewistown
Lick Creek
Lincoln
Lindenwood
Lisbon
Lostant
Logan 1
Logan 2
Louisville
Lukin
Malden
Maple Grove
Mazon
McLeansboro
Mendota
Merriam
Metropolis
Milford
Miller
Mill Shoals
Minooka
Morris
Morrison
Mt. Erie
Mt. Pulaski
Muddy Consolidated
Mulkeytown
Muncie
Nashville
Nelson
Neponset
Nettle Creek
Newark
New Burnside
New Columbia
New Hope
Newton
North Larkinsburg
Oakdale
Oak Grove
Oakwood
Oblong
Odell
Odin
Oglesby
Ohio
Okawville
Opdyke

RURAL (cont'd)

Orchardville
Oskaloosa
Owego
Pembroke
Perry
Perry County
Petrolia
Petty
Pickneyville
Pinckneyville
Piopolis
Pontiac
Pontiac-Esmen
Potomac
Prairie Du Rocher
Prairieville
Princeton
Prichard Clark
Rankin
Richview
Rooks Creek
Rome
Salem
Saratoga
Scottland
Selmaville
Senachwine
Seneca
Serena
Sheridan
Sidell
Simpson
Sims
South Fulton
South Wilmington
Spring Valley
St. Anne
Sterling
Steward
St. Francisville
St. George
St. Marie
St. Rose
Sumner
Sunbury
Swanwick
Tamaroa
Thompsonville
Tonica
Tovey

RURAL (cont'd)

Tower Hill
Tunnel Hill
Union-Douglas
Union Grove
Unionville
Unity
Utica
Valley Comm. Cons.
Van Orin
Verona
Vienna
Walnut
Waltham
Washington
Wayne City
Wedron
Wendelin
Westfield
West Liberty
West Lincoln
Whittington
Wichert
Willow Hill
Woodlawn
Wyanet
Wyoming
Xenia
Yale

SECONDARY DISTRICTS

CHICAGO SUBURBS

Adlai E. Stevenson
Antioch
Argo
Barrington
Bloom Twp.
Bremen
Community H.S.
Consolidated H.S.
Crystal Lake
Downers Grove
Elmhurst
Evergreen Park
Fenton
Glenbard
Glenbrook
Grant
Grayslake
Highland Park
Hinsdale
Homewood-Flossmoor
Joliet
J. Sterling Morton
Lake Forest
Lake Park
Lemont
Leyden
Libertyville
Lincoln Way
Lisle
Lockport
Lyons Twp.
Maine
Marengo
McHenry
Mundelein
Naperville
New Trier
Niles Twp.
North Chicago

CHICAGO SUBURBS (cont'd)

Oak Lawn
Oak Park River Forest
Proviso Twp.
Reavis
Rich Twp. H.S.
Richmond-Burton
Ridgewood
Riverside Brookfield
Thornton
Thornton Fractional
Township H.S.
Township H.S. Dist.
Warren
West Chicago
Wheaton
Zion-Benton

EAST ST. LOUIS SUBURBS

Belleville
E. Alton-Wood River
Freeburg
Osfallon

OTHER SMSA SUBURBS

Bellflower
East Peoria
Green Valley
Hononegah
Limestone
Metamora
North Boone
Rantoul
Riverton

OTHER SMSA SUBURBS (cont'd)

St. Joseph Ogden
United
Washington

NON-SMSA CITIES

Carbondale
Centralia
Lasalle-Peru
Lincoln
Mt. Vernon
Ottawa
Pekin
Rock Falls Twp.
Sterling Twp.
Streator

RURAL & CITIES UNDER 10,000

Anna-Jonesboro
Armstrong
Bardolph
Beason
Benton
Bradley Bourbonnais
Bridgeport
Brussels
Carthage
Central
Christopher
Cisne
Cornell
Cowden
Crescent-Iroquois
Dahlgren
Dwight Twp.
East Lynn
Elkhart
Fairfield
Flora
Gardner S. Wilmington
Goreville
Hall
Henry-Senachwine
Herrick
Jamaica

RURAL (cont'd)

Joppa
LaMoille
Lawrenceville
Lewistown
Lostant
Mazon
McLeansboro Twp.
Mendota Twp.
Metropolis
Milford Twp.
Mills-Prairie
Minooka
Morris
Morrison
Mt. Pulaski
Nashville
Neponset
Newark
Newton
North Clay
Oakwood
Oblong Twp.
Odell
Odin
Ohio
Okawville
Perry
Pinckeyville
Pontiac Twp.
Potomac
Princeton
Rankin
Rochelle
Salem
Scottland
Seneca
Serena
South Fork
St. Anne
St. Francisville
Sumner
Tamaroa
Thompsonville
Tonica
Tower Hill
Vienna
Walnut
Wayne City
Webber
Westfield

RURAL (cont'd)

Woodlawn
Wyanet
Wyoming Comm.

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Paying for Public Schools: Issues of School Finance in California, Betsy Levin, Michael A. Cohen, Thomas Muller, and William J. Scanlon, 1972, URI 90008, 64 pp., $1.00

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